DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 2000 OMB BUDGET SUBMITTAL

PROPOSED APPROPRIATIONS LANGUAGE

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for *the Northeast Oregon Hatchery Master Plan , and for* official reception and representation expenses in an amount not to exceed [$1,500] *$3,000., provided further, that* during fiscal year [1999] *2000* no new direct loan obligations may be made.

Explanation of changes:

Proposed FY 2000 appropriation language authorizes construction of facilities as required by the Pacific Northwest Electric Power and Planning Act for new fish and wildlife facilities of $1 million and an economic life greater than 15 years (PL 96-501, sec.4.(H)(10)(B).

The proposed appropriations language authorizes reception and representation expenses in FY 2000 to increase over FY 1999 and restricts new direct loans in FY 2000 as in FY 1999.

Bonneville Power Administration

Executive Budget Summary

Mission

Bonneville Power Administration (Bonneville, BPA) is the Department of Energy's electric power marketing administration for the Federal Columbia River Power System (FCRPS). As stated in BPA's Business Plan, BPA's strategic mission is to: (1) provide electric power, transmission, and energy efficiency in increasingly competitive markets, (2) support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost electric power for the region, (3) remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest, and (4) value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees. BPA's business strategies to fulfill its mission can be summarized as meeting the electric energy market price, managing costs to be competitive in providing services to customers, strengthening BPA's financial position, and reorienting the organization to be responsive, flexible and competitive.

BPA provides electric power (about forty percent of the electricity consumed in the region), transmission (about three-fourths of the region's high voltage transmission capacity), and energy efficiency throughout the Pacific Northwest, a 300,000 square mile service area. BPA markets the electric power produced at 29 Federal hydroelectric multipurpose dams in the Pacific Northwest by the Corps of Engineers and the Bureau of Reclamation, and acquires non-Federal power to meet the needs of its customer utilities.

Congress created BPA in 1937 as part of the Bonneville Project Act, providing BPA's basic statutory utility responsibilities and authorities. In 1974, passage of the Federal Columbia River Transmission System Act (Transmission System Act) placed BPA under provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and provided BPA with "self-financing" authority through the BPA Fund, a revolving fund, allowing BPA to use its revenues from electric ratepayers to directly fund all programs and to sell bonds to the U.S. Treasury to finance the region's high-voltage electric transmission system requirements. In 1980, enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) expanded BPA's utility obligations and responsibilities to encourage electric energy conservation and develop renewable energy resources, and protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these expanded responsibilities, BPA's Treasury borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements.

BPA's program is mandatory, nondiscretionary. It receives no annual appropriations from Congress. BPA funds the expense portions of its budget and repays the Federal investment in FCRPS with revenues from electric rates. BPA is authorized to sell bonds to the Treasury up to a cumulative outstanding total of $3.75 billion (permanent, indefinite borrowing authority). Through FY 1998, BPA has returned approximately $14.9 billion to the Treasury for payment of FCRPS O&M (about $2.7 billion), interest (about $8.4 billion) and amortization (about $3.8 billion) of appropriations and bonds. Bonneville made its full FY 1998 payment of over $804 million as scheduled. For FY 1999, BPA plans to pay the Treasury $607 million, of which $164 million is to repay investment principal, and $431 million is for

interest. The FY 2000 Treasury payment is currently estimated at $618 million, including $164 million for repayment of principal, and $440 million for interest.

Bonneville's FY 2000 budget has been prepared on the basis of its three major areas of activity: power, transmission and conservation and energy efficiency. This structure supports Bonneville's ability to become more competitive in the rapid restructuring of the deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities power and transmission functions. As a Federal agency, Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of major activities.

Strategy

BPA's FY 2000 budget incorporates the budget reductions BPA has made to remain competitive in the electric utility industry in the Pacific Northwest as the industry restructures itself. These budget estimates, however, are still subject to continual change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest. The following table provides a summary of accrued expenditures.

FUNDING SUMMARY (accrued expenditures in millions of dollars)

	FY 1998	FY 1999	FY 2000
CAPITAL INVESTMENTS			
Power Business Line	$ 50	$ 83	$106
Transmission Business Line	$106	$136	$178
Conservation & Energy Efficiency	$ 14	$ 14	$ 1
Capital Equipment&Bond Premium	$ 44	$ 25	$ 35
Total Capital Investments	$214	$258	$320
Accrued expenditures will require budget obligations of	$232	$258	$352
Operating Expenses	$2,151	$2,111	$2,117
Projects Funded in Advance	$2	$25	$25
CAPITAL TRANSFERS (cash)	$247	$164	$164
BPA NET OUTLAYS	-$178	-$61	-$23
BPA STAFFING (FTE)	2,778	2,800	2,800

FY 2000 Performance Measures

Produce gross revenues of over $2 billion from the $14 billion FCRPS investment and provide the U.S. Treasury $618 million for operation and maintenance costs and interest and principal payments for the Federal Columbia River Power System.

Invest $320 million in new capital assets for transmission, power, and conservation and energy efficiency.

Sell about 85,000,000 megawatt-hours of electricity.

Serve more than 300 wholesale utility and industrial customers and interconnected utilities.

Operate and maintain over 15,000 circuit-miles of electric transmission lines, about 360 electric substations and associated utility and general plant, with a combined transmission system capital investment of about $5 billion.

Provide and reliably operate about the federal Columbia River Transmission System which includes 80 percent of the 300,000 square-mile Pacific Northwest's high-voltage electric energy transmission capacity. Work with other regional utilities and others to ensure an effective, efficient power supply system for the region's population of more than 10 million persons.

_____ Date_____

Judith A. Johansen
Administrator and Chief Executive Officer

PROGRAM FUNDING PROFILE *a/*

(in thousands of dollars)

		FISCAL YEAR				
		1998	1999	1999	1999	2000
		Actuals	Prop. b/	Amend.	Revised	Prop.
	Capital Investment Obligations					
1	Power Business Line c/	**29,000**	**NA**	-	**56,000**	**79,000**
2	Fish & Wildlife c/	**27,000**	**NA**	-	**27,000**	**27,000**
3	Transmission Business Line	**120,000**	**NA**	-	**136,000**	**210,000**
4	Conservation & Energy Efficiency	**12,000**	**NA**	-	**14,000**	**1,000**
5	Capital Equipment	**44,000**	**NA**	-	**25,000**	**35,000**
6	**TOTAL CAPITAL OBLIGATIONS**	**232,000**	**258,000**	**-**	**258,000**	**352,000**
	Expensed and Other Obligations					
7	Expensed	**2,151,000**	**2,026,000**	-	**2,111,000**	**2,117,000**
8	Projects Funded in Advance	**2,000**	**29,000**	-	**25,000**	**25,000**
9	**TOTAL OBLIGATIONS (lines 6+7+8)**	**2,385,000**	**2,313,000**		**2,394,000**	**2,494,000**
10	Capital Transfers (cash)	**247,000**	**164,000**	**-**	**164,000**	**164,000**
11	**BPA TOTALS (lines 9+10)**	**2,632,000**	**2,477,000**	**-**	**2,558,000**	**2,658,000**
12	Staffing (FTE) d/	**2,778**	**2,755**	**--**	**2,800**	**2,800**

a/ BPA's FY 1999 budget has been prepared in accord with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to discretionary "caps" in the BEA.
These estimates support activities which are legally separate from discretionary activities and accounts. Thus, changes to BPA estimates cannot be used to affect any other budgetcategories such as domestic discretionary, or defense discretionary which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a BEA "pay-as-you-go" test regarding its revision of funding estimates.

b/ These estimates reflect BPA's FY 1999 Congressional Budget Submission.

c/ The Power business line includes Fish & Wildlife in the Performance Summaries, which appears separately on line 2 of this table.

d/ FTE reflect 1998 actuals and updated estimates.

Bonneville Power Administration

General Overview

Bonneville provides electric power, transmission and energy efficiency throughout the Pacific Northwest. Created in 1937 to market and transmit the power produced by the Bonneville Dam on the Columbia River, Congress has since then directed Bonneville to sell at wholesale the power produced at a total of 29 Federal dams, and to acquire non-federal power and conservation resources sufficient to meet the needs of Bonneville's customer utilities. Bonneville serves a 300,000 square mile area including Oregon, Washington, Idaho, Western Montana, and parts of Northern California, Nevada, Utah and Wyoming.

The Transmission System Act placed Bonneville under the provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and allows Bonneville to use its revenue from electric ratepayers to fund all programs directly through the BPA revolving fund, and sell bonds to the Treasury to finance the region's high voltage transmission requirements. The Northwest Power Act expanded Bonneville's utility obligations and responsibilities to meet requesting utility loads, encourage conservation and develop renewable resources, and to protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these responsibilities, Bonneville's borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements. This Act also required regional energy plans and programs and created the Northwest Power Planning Council (Planning Council).

Bonneville is "self-financed" by the electric ratepayers of the Pacific Northwest and receives no annual appropriations from Congress. Bonneville's statutory budget authority is provided by the revenue-generating and rate-setting authorities of the Bonneville Project Act of 1937. Under the Transmission System Act, Bonneville funds the expense portion of its budget and repays the Federal investment with revenues from electric rates. Bonneville's revenues fluctuate primarily in response to market prices for fuels and stream flow variations in the Columbia River System due to weather conditions and fish recovery needs. Bonneville's permanent, indefinite statutory borrowing authority authorizes the agency to sell bonds to the Treasury up to a cumulative outstanding total of $3.75 billion. Through FY 1998, Bonneville has returned approximately $14.9 billion to the Treasury in interest, amortization, and repayment of Federal power generation, operation, maintenance, and construction costs. Bonneville made its full FY 1998 payment of over $804 million as scheduled. Bonneville's projected total Treasury payments for FY 1999 and FY 2000 are $607 million and $618 million, respectively. Starting in FY 1997, Bonneville is directly funding Bureau of Reclamation Pacific Northwest power O&M costs and in FY 1999 will begin direct funding Corps of Engineer Pacific Northwest power O&M costs.

Bonneville's FY 2000 budget has been prepared on the basis of its three major areas of activity: power, transmission, and conservation and energy efficiency. This structure supports Bonneville's competitiveness in the rapidly restructuring, deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities power and transmission functions. As a Federal agency, Bonneville is not

bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of business lines (BLs). This budget proposes FY 2000 accrued expenditures of $ 2,116 million for operating expenses, $25 million for Projects Funded in Advance, $320 million for capital investments, and $164 million for capital transfers.

Spending levels in this budget are still subject to change due to several reasons, including continued review and adjustment of funding requirements by Bonneville to accommodate competitive dynamics in the region's energy markets and refinancing of non-federal debt service.

Program Mission

In 1995, Bonneville completed a Business Plan and an associated environmental impact statement. The Business Plan is the foundation and guidance for Bonneville's strategic evolution to competitive utility business lines of products and services. Bonneville's Business Plan is serving as the basis for development of Bonneville's Flight Plan. The Flight Plan development will provide for implementing agency and business line strategies, including specific targets for measuring performance. It is designed to be consistent with requirements of the Government Performance and Results Act of 1993. The objectives and performance measures below are consistent with the DOE Strategic Plan.

As stated in Bonneville's Business Plan, the strategic mission of Bonneville is:

To provide electric power, transmission, and energy efficiency in increasingly competitive markets.

To support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the region.

To remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest.

To value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees.

Program Objectives

Following are the FY 1999 target areas and their associated goals and performance measures adopted by the Bonneville Administrator and CEO.

These measures are reported to the President, Congress, the Department of Energy, the General Accounting Office, and the Office of Management and Budget to meet the requirements of the Chief Financial Officers (CFO) Act (Public Law 101-576). Consistent with the following measures, Bonneville funding levels support the DOE Strategic Plan, specifically, the Strategic Goal 1, Strategy 6 regarding system reliability.

Public Responsibilities goals and targets:
A competitive wholesale power market, fostered by open, non-discriminatory transmission access.

- BPA conducts itself under the Standards of Conduct such that there's no need for remedial action by FERC.

Cost-based, below-market power products broadly available in Pacific Northwest.

High system reliability, availability, and sufficiency.

- Transmission: Outage frequency and duration for transmission circuits do not exceed Control Chart violation limits.
- Generation: Weekly Heavy Load Hour targets for available generation are achieved.

BPA's greening strategy leads to BPA being viewed as the pre-eminent green utility.

- Sell at least 30 aMW of preferred power products at a premium over the basic Subscription product, limiting BPA's net cost for renewable resources at no more than $15 million.
- Mechanisms are created that result in substantially greater progress toward the Regional Review goals for energy efficiency and renewable resource development.

Fish and wildlife obligations are met.

- Meet Biological Opinion spill requirements.

Strong relationships with Tribal governments, State and Federal entities, and constituents.

- Tribal satisfaction index $\geq$ 6.3 and composite State/Federal entities/Constituent index $\geq$ 6.9.

Unified fish and wildlife plan, which includes long-term certainty for the Federal Columbia River Hydro-system.

- Federal consensus is achieved on a preferred alternative for the Unified Fish & Wildlife Plan that meets BPA's fish and wildlife obligations: (a) by establishing performance standards and other measures to be undertaken by the hydropower system; (b) by defining requirements for "off-site" mitigation for hydro impacts (e.g., hatchery, habitat and harvest programs); and (c) while preserving below-market, at-cost power.

High Performance Organization goals and targets:
Safe and positive work environment.

- Recordable injuries $\leq$ 2.4 per 200,000 hours worked (100 employees) and no fatal injuries occur to BPA or contract employees working on BPA facilities.
- Number of developmental assignments (both formal and informal) involving minorities is increased over last year.

Employees who are motivated, productive, and focused on implementing BPA strategies.

- Measurable improvement in key gap areas identified in FY 1998 work environment survey:
- "Turf" issues target $\geq$ 77%;
- Uneven workload target $\geq$ 90%;
- Recognition target $\geq$ 79%.

Critical business systems are improved.

- BPA completes Y2K remediation on its transmission systems and business systems by Federal deadline of 3/31/99.
- Implement a system for regularly assessing, reporting, and managing Agency and business unit risks.
- Develop an FCRPS-wide capital budgeting process that includes risk-adjusted rates of return; implement for BPA capital in FY 2000 SOY budgets.
- Business Solutions Project.
- Revenue Process Study.

Customer Satisfaction goals and targets:
Very high customer satisfaction.
- Composite Agency customer satisfaction index $\geq$ 7.6.

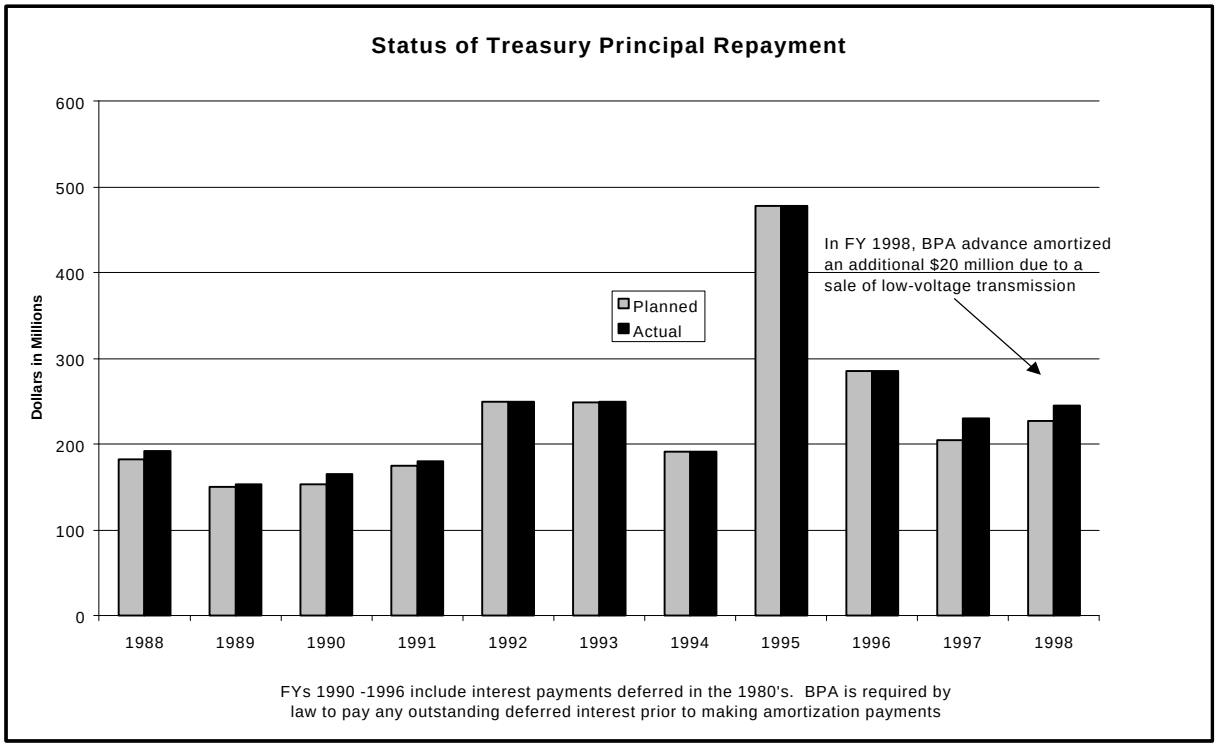
Finance goals and targets:
- High probability of cost recovery.
- Treasury payment made on time and in full, with Agency net revenues $\geq$ $54.

Performance Measures

The following are included in the Department of Energy's FY 1997 Consolidated Financial Statements and are also measured by the other power marketing administrations.

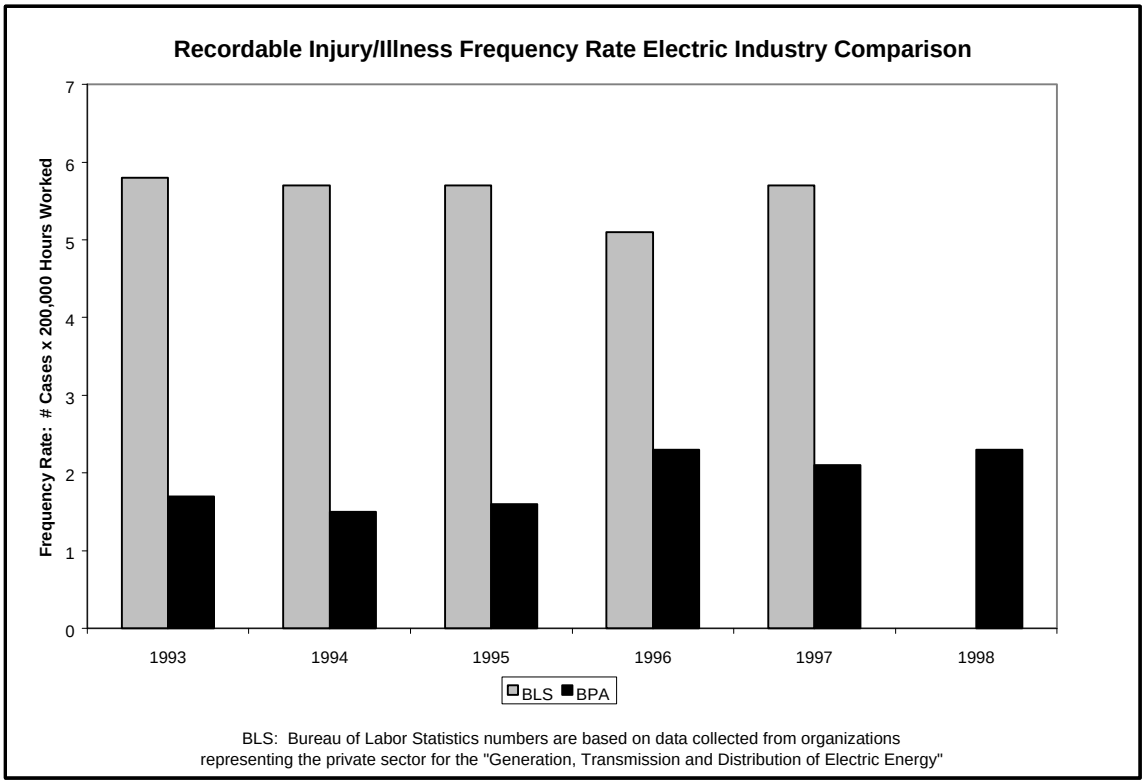
- *Repayment of Power Investment (Variance in Principal Payments)*: This indicator measures the variance of actual from planned principal payments to the U.S. Department of Treasury. The indicator will be zero if the actual payment is equal to the planned payment.

The following chart displays principal repayment only.



- *Safety Performance*: *Total Recordable Case Rate (Recordable Accident Frequency Rate)*: This indicator measures the recordable accident frequency rate by first multiplying the number of recordable injuries by 200,000. This number is then divided by the total hours worked. The PMAs measure their performance against a Bureau of Labor Statistic (BLS) standard industry case rate.

The national average recordable injury frequency rate shown below is based on Bureau of Labor statistics. The Bureau of Labor's data is collected from organizations representing the private sector in the generation, transmission, and distribution of electric energy. The Bureau of Labor Statistics reported a 1997 national average recordable injury frequency rate of 5.7 injuries per 200,000 hours worked. BPA's recordable injury frequency rate for FY 1998 was 2.3 injuries.



- *Transmission System Reliability: Control Performance Standard:* This indicator defines a standard of minimum control performance. Each control area is to have the best operation above this minimum that can be achieved within the bounds of reasonable economic and physical limitations. Each control area shall monitor its control performance on a continuous basis against two standards, CPS1 and CPS2. These two standards have very defined technical requirements.

This measure is consistent with the Department's Strategic Plan, specifically, Objective 1, Strategy 6. This strategy states that the Department will "Ensure that each power system control area operated by a PMA receives, for each month of the fiscal year, a Control Compliance Rating of 'Pass' using the North American Electric Reliability Council (NERC) Performance standard." A "Pass" is accomplished when each control area achieves a CPS1 compliance of 100% and achieves a CPS2 compliance of 90%.

In FY 1998, Bonneville Power Administration exceeded the minimum compliance level required by NERC with a CPS1 of 172.1% and a CPS2 of 99.94%. BPA began measuring CPS2 in January of 1998, therefore, the FY 1998 control performance is based on a partial fiscal year. Based on historic records, the CSP1 for FY 1997 was 173.68% and for FY 1996 was 168.86%. Data on CPS2 for FY 1997 and FY 1996 is not available.

Significant Accomplishments and Program Shifts

- Bonneville's FY 2000 budget reflects the significant financial and business events of the past year that have shaped Bonneville's response to the ongoing competitive pressures of the region's electric utility industry. Throughout the past year Bonneville continued budget and FTE reductions necessary to enhance its competitive, cost-effective delivery of business-line utility products and services and continued delivery of the public benefits of its operations,

while ensuring its ability to continue to make its payments to the Treasury on time and in full. Bonneville has completed three major cost reductions since early 1995. Combined, these cost reductions have reduced planned annual operating expense levels for FY 1996-2001 by an average $600 million from the levels in the FY 1995 Congressional budget, down nearly to the average actual operating expense level for FY 1993-1995.

- Bonneville's cost reductions have had a major impact on the agency's human resource levels, both Federal full-time equivalents (FTE) and contractor full-time equivalents (CFTE). In 1994, Bonneville established targets of reducing its FTE by 500 and its CFTE by 500, by FY 1997 as part of its competitive efforts. As a result of cost cutting, reorganization, and the availability of voluntary separation incentive authority (VSI) Bonneville has achieved its target goals. Despite the success of a 4-year effort to reduce its regular and contractor staff by 20 percent, further reductions were necessary. As reflected in this FY2000 budget, Bonneville has achieved additional FTE reductions resulting in a total of 2,778 in FY1998. As part of its succession planning efforts, Bonneville expects a small FTE increase in FYs 1999 and 2000 but is planning further reductions over time. Bonneville has initieated an effort in 1999 to complete a comprehensive multi-year staffing plan for FY 2001 and beyond.

- The organizational downsizing and cost-cutting have yielded benefits to Bonneville's ratepayers. Whereas Bonneville initially proposed to raise its power and transmission rates at the beginning of the 1996 rate process, it completed the process with an average 13 percent rate reduction for preference customers (public utilities, municipalities and cooperatives) stabilized over 5 years. While the amount of the decrease for customers individually varies with each customer's mix of products and services purchased, Bonneville estimates that the average rate for priority firm power is 2.44 cents per kilowatt-hour, down from the previous average rate of 2.81 cents.

- To achieve the rate reduction, Bonneville produced new, unbundled products and negotiated power sales contracts with its Northwest preference customers and 10 direct service industries. The new contracts provide a high degree of assurance that Bonneville can cover its costs through FY 2001 while enabling customers that wanted to diversify suppliers to do so. A higher proportion of contracts is now take-or-pay, reducing the risk of under recovery of costs. This ability to stabilize our customer load will provide Bonneville with additional time to meet anticipated future changes in the electric power industry and help assure our ability to meet Bonneville's Treasury payment obligations. Our goal has been to simultaneously become price competitive on a long-term basis, to bring enough stability to costs and revenues to retain customers, and to revise resource and marketing programs to reflect major changes in the agency's resource base and environmental obligations.

- The rate certainty provided by Bonneville's 1996 final rates has been augmented by the implementation of the Bonneville Appropriations Refinancing Act (part of the Omnibus Consolidated Recissions and Appropriations Act of 1996) that refinanced Bonneville's outstanding repayment obligations on appropriations. The legislation called for increasing low interest rates on historic appropriations to current Treasury market rates and resetting (reducing) the principal of FCRPS appropriations unpaid as of the end of FY 1996. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the

Treasury for these obligations in the absence of the Act, plus $100 million. The new principal amounts were then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligation on appropriations at the end of FY 1996 was $6.7 billion, with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion, with a weighted average interest rate of 7.1 percent. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the refinancing to Treasury for their review and approval. Treasury approved the implementation transactions in July, 1997.

- BPA started work on year 2000 compliance (Y2K) issues for its business, operations, and control systems in 1995. Recently, BPA established a Cross Agency Year 2000 team that is responsible for: 1)Business Systems - equipment and software, 2) Coordination with customers and suppliers, and 3)Reliable generation control and transmission systems. This team is currently undertaking the tasks of completing an inventory of systems and equipment that might have Y2K problems, making a risk assessment on each system, testing where needed, replacing/modifying software and hardware, and developing appropriate contingency plans. The intent of these efforts is to correct Y2K problems that could affect power system reliability, including coordination with entities having facilities connected to our transmission system. We will also have in place contingency plans to facilitate a smooth operational transition into the year 2000.

- Wholesale power marketing is becoming more uncertain and much more competitive in the Pacific Northwest as the electric utility industry undergoes wholesale deregulation. In 1995, demands on Bonneville for power dropped suddenly as the effects of wholesale electricity deregulation took hold, causing Bonneville to withdraw from the 248-megawatt Tenaska power project. As a result, Tenaska Power Partners II (Tenaska) and Chase Manhattan Bank (Chase), which provided the project funding, sued Bonneville for damages. Bonneville settled the lawsuit with Chase in June, 1996, agreeing to pay to Chase $115 million. BPA settled with several subcontractors of Tenaska for $29 million in FY1997 and $13.7 million in FY1998. In July 1998 arbitrators awarded Tenaska $159 million which was paid directly from the U.S. Treasury's judgment fund in November 1998. Bonneville will fully reimburse the Treasury for the judgment funds used plus interest, assuring that taxpayers are in no way affected by this award. In December 1998 Bonneville made its first reimbursement payment of $80.4 million to the Judgement Fund Branch. The remainder of the debt will be paid in three equal payments concluding in August 2001. Consistent with a Memorandum of Understanding with the U.S. Treasury, BPA will make interest payments on the outstanding debt to the U.S. Treasury's "miscellaneous receipts" account.

- Bonneville faces unprecedented challenges in continuing its service to the Pacific Northwest. Market prices falling to near parity with Bonneville's rates have brought new competition, while at the same time the costs of Bonneville's commitment to rebuild salmon runs have risen sharply. Congress and the Administration have helped immensely by providing certainty to BPA's contribution to Northwest fish and wildlife restoration and mitigation. BPA, the Administration, and other agencies finalized an interagency agreement. The agreement ensures a stable level of fish and wildlife costs

through 2001, while also confirming BPA's obligation to fund fish and wildlife activities for the 1995 Biological Opinion (BO) of the National Marine Fisheries Service (NMFS).

- This OMB budget is consistent with the above interagency agreement that calls for BPA fish and wildlife funding of $252 million per year and hydro operations estimated to result in lost revenues and purchased power costs of $90-$280 million per year for the period FY 1996 through FY 2001. These hydro operations are estimated at $90 million to $280 million per year, depending on water supplies and market conditions. The $435 million annual average cost of the fish "cap" reported in the print and communications media refers to the agreed combined cost of BPA spending, hydro operations and related costs for fiscal years 1996-2001. Included with the budget schedules section of this budget document is the current tabulation of the history and forecasted future costs of BPA's fish and wildlife investments. No agreement has been reached at this time on Bonneville's Fish and Wildlife budget for fiscal years beyond 2001. Discussions within the Region are currently taking place for a planning range for costs in the years beyond FY 2001. As of mid-August 1998, there are 13 alternatives being considered which have a range of annual average expenditures of $438 million to over $724 million.

- Related to this, in 1995, the Administration completed an agreement with members of the Northwest Congressional Delegation. This agreement recognized Bonneville's use of Section 4(h)(10)(C) of the Northwest Power Act to apply credits to Bonneville's Treasury payment for previous Bonneville expenditures attributable to non-power hydro project costs collected through Bonneville power rates. Under the agreement, Bonneville will receive annual credits on a permanent basis for its fish and wildlife expenditures. Bonneville is allowed credits for power purchase costs relating to its fish and wildlife programs in Fiscal Years 1997-2001, and is able to access historical credits for certain purposes as described below.

- In October 1995, the OMB in a letter to Congress, reiterated and extended the Administration's commitments made earlier. One of the program elements that the OMB Director elaborated on was that the Administration would establish a BPA Fish Cost Contingency Fund consisting of credits to be used by BPA against fish and wildlife costs under certain conditions. BPA has certified in February, 1997, to the Treasury that the amount of available, but unused, credits is approximately $325.2 million.

- As discussed in the September 13, 1996, interagency "Memorandum of Agreement concerning The Bonneville Power Administration's Financial Commitment for Columbia River Basin Fish and Wildlife Costs" (MOA), BPA may access the fund when (1) court-ordered changes increase the cost of BPA's fish and wildlife Plan above specified target levels in the MOA; (2) when adverse hydro conditions cause the sum of decreases in nonfirm revenue and increases in power purchases to exceed a threshold value; and (3) when natural disasters or fishery emergencies result in additional system operations beyond those described in Part V (a) of the MOA. The credits for the certain emergencies are limited to an aggregate amount of no more than the $15 million per year. In order to implement the Administration agreement in the anticipated timely manner, financial information, approximate to that provided in the BPA certification was included in the BPA final 1996 Wholesale Power and Transmission Rate Case, which covers the five year period of FY 1997 through FY 2001.

- The Congress also enacted language to establish the residential exchange program benefits for FY 1997 while providing Conference Report language stating that, consistent with the Comprehensive Review of the Northwest Energy System, Bonneville and its customers should work together to gradually phase out the residential exchange by October 1, 2001. Consistent with the report language, Bonneville has reached settlement agreements with all publicly-owned utilities that have participated in the exchange program and all investor-owned utilities (IOU's).

- As the electric utility industry in the Pacific Northwest continues its restructuring and competitive development under wholesale deregulation, and Bonneville's competitive structure, and other factors, these budget estimates may have to change to enable Bonneville to meet its statutory responsibilities and obligations.

- The Comprehensive Review of the Northwest Energy System (the Regional Review) was convened on January 4, 1996, by the governors of Idaho, Montana, Oregon, and Washington. It served as a forum for discussion about the restructuring of the electric utility industry and what this restructuring will mean to the Pacific Northwest. The need for the regional forum was driven by deregulation and competitive changes in the wholesale power industry nationally. The governors received the Regional Review proposal on December 12, 1996. From BPA's perspective, the recommendations accomplish four important objectives: (1) creating the opportunity to retain the benefits of the Northwest Federal hydrosystem for Northwest consumers, (2) fostering the use of the Federal transmission system to help achieve a competitive power market for the benefit of all consumers, (3) improving the likelihood that taxpayers and bondholders will have their investment repaid, and (4) creating a funding mechanism for preserving important public benefits.

- In December, 1996, upon release of the Regional Review's final report, Bonneville and other regional parties immediately began to explore the actions necessary to implement the Regional Review recommendations. In early 1997, the governors representatives formed a Transition Board to ensure accountability, acceptance and implementation of the recommendations resulting from the Regional Review. The Northwest Congressional delegation asked the Governor's Transition Board in June 1997 to work with the Northwest Power Planning Council (Council) to establish a forum on Bonneville cost management issues beyond 2001.

- As a result of this request, a Cost Review Management Committee, comprised of outside experts and representatives from the Council and Bonneville, completed a review and released a set of draft recommendations in January 1998. Consistent with last year's Congressional report language, the draft recommendations were provided to Congress. The review recommends cost reductions and operational efficiencies averaging $146 million annually over the 2002-2006 period. These reductions would be in addition to significant cuts already planned by Bonneville and would result in total average annual reductions of about $240 million from current rate levels.

- In conjunction with a public review of the Cost Review recommendations, Bonneville established the Issues'98 process to provide the public with a broad overview of developments on multiple Bonneville policy initiatives. Bonneville is continuing to work

with customers, state and federal agencies, tribal governments and interest groups on broad policy areas that will affect 2002-2006 financial planning assumptions leading to an initial power rate proposal for this same period. Bonneville has decided to adopt the cost recommendations in full. Success can occur only with aggressive cost management, improved operational efficiencies, and the cooperation of Bonneville's major power suppliers. This FY2000 Congressional budget reflects the expected final impacts from implementation of the Cost Review recommendations under current legislation and contractual agreements.

Bonneville Power Administration

Overview of Detailed Program Justifications

BPA's detailed justification summaries that follow present budget requirements of budget line items (BLI) on the basis of accrued expenditures. Accrued expenditure is the basis of presenting BPA's program funding levels in the power and transmission rate making processes, and the basis upon which BPA managers control their resources to provide products and services. Accrued expenditures relate costs to performance. Traditional budget obligation requirements for BPA's budget are shown on the Program and Performance Schedule prepared in accord with OMB Circular A-11.

The FY 2000 budget and these performance summaries reflect BPA's business line basis for utility enterprise activities. BPA has three major areas of activity on a consolidated budget and accounting basis: 1) Power, 2) Transmission, and 3) Conservation and Energy Efficiency. The Power business line includes line items for Fish and Wildlife, Residential Exchange, Associated Projects O&M Costs and Planning Council. Environmental activities are shown in the relevant business line, and in accord with OMB Circular A-11 guidance for revolving funds, reimbursable costs are incorporated within the associated business lines. All programs funded in advance will be fully funded by benefiting entities. BPA's interest expenses, pension & post-retirement benefits and its capital transfers to the Treasury are shown by program.

The first section of performance summaries, Capital Investments, includes accrued expenditures for investments in electric utility and general plant associated with the Federal Columbia River Power System's (FCRPS) generation and transmission services, conservation and energy efficiency services, fish and wildlife, and capital equipment. These capital investments will require budget obligations and new borrowing authority of $352million in FY 2000, $104 million more than forecast for FY 2000 in last year's Congressional budget submission. This increase is primarily due to increases in the Transmission Business Line which includes the fiber and Southwestern Oregon Coast Reinforcement projects, and the Business Services Project in Capital Equipment.

The forecasted capital funding levels for fiscal years 2000 and beyond will undergo further internal review as a result of implementing a capital asset management strategy. Consistent with the regional Cost Review Management Committee recommendations, this strategy will encompass prioritizing capital projects to be funded based on risk and other factors. Establishing this review process will help Bonneville in its efforts to compete in the deregulated energy market.

BPA's second section of the performance summaries, entitled Annual Operating Expenses, includes accrued expenditures for business line and program activities financed by power sales and transmission services revenues and projects funded in advance. For FY 2000, these expenses will require budget obligations of $2,116. The total program requirements of all BPA programs include estimated budget obligations of $2,493 million in FY 2000.

Transmission Business Line - Capital

Mission Supporting Goals and Objectives

The Transmission Business Line provides for all additions, upgrades, and replacements to the Federal transmission system in the Pacific Northwest, allowing reliable service to be provided to Northwest industrial users and utility customers. The transmission system also allows for the sale and exchange of power to and from the region.

The system replacement plan is to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce catastrophic equipment failure by: 1) replacing high voltage transformers and power circuit breakers which are at or near the end of their useful life; 2) replacing risky, outdated and obsolete control and communications equipment; and 3) replacing all other existing high-risk equipment and facilities affecting the safety and reliability of the transmission system. Such accomplishments would also be controlled and guided by BPA's Reliability Centered Replacement (RCR) criteria.

BPA's operational telecommunications system is being upgraded to include fiber optics. The existing analog microwave system is exceeding its capacity, is approaching the end of its useful life, is no longer manufactured, has limited spare parts, and does not easily support digital signals. Parts of Bonneville's radio frequencies, especially in the two gigahertz range, could be at risk of becoming unavailable for use due to potential spectrum auction legislation. There is a potential loss of additional frequencies in future Federal Communications Commission spectrum auctions. Moving to fiber optic technology removes these risks. Fiber optics will provide a reliable and flexible communications system to monitor, control, and operate the power system at almost 400 sites in BPA's service area. The fiber optic cables will be designed to meet BPA's long term operational needs. Excess fiber capacity, in some cases, will be leased until they are required for operational use and is expected to have a 5 to 6 year payback. BPA is committed to repaying the initial fiber optic investments as fiber revenues exceed fiber operating costs and FERC-approved transmission rate case commitments are met. Bonneville is not competing with private sector providers.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Main Grid	10,200	21,000	20,800	-200	-1.0%
Area & Customer Services	4,800	14,200	35,400	+21,200	+149.3%
Upgrades & Additions	50,800	36,500	61,300	+24,800	+67.9%
Replacements	40,200	64,300	60,900	-3,400	-5.3%
Projects Funded in Advance	1,800	25,000	25,000	0	0.0%
Total, Transmission Business Line - Capital	107,800	161,000	203,4000	+42,400	+26.3%

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000

Main Grid

- Strategic objectives: Bonneville's strategic objectives for main grid projects is voltage support and to assure compliance with WSCC and BPA reliability standards. During this budgeting period, projects are planned that will provide voltage support to major load areas that are primarily west of the Cascade mountains. Minor reinforcements in the Portland OR/Seattle WA corridor are also planned.

- Major accomplishments FY 98: (1) Completed the Northwest Montana/North Idaho Support facility which maintains the level of reliable service to the area particularly during winter; (2)Completed SW Portland Area Support Facility which prevents overloads of both BPA and Portland General Electric Company transmission facilities which otherwise would violate the NESC as well as cause equipment damage; (3) Completed 115 kV shunt capacitor bank addition at Sand Creek that helps prevent winter blackouts to loads between the Bonners Ferry, Idaho to Libby, Montana area; (4) Continued planning to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

- Planned major accomplishments FY 99: (1) Complete design, material acquisition and construction of the 500 kV shunt capacitor addition at Keeler substation that helps prevent winter blackouts in the Portland, Oregon and surrounding areas; (2) Complete design, material acquisition and construction of shunt capacitor additions at Pearl and Troutdale substations that prevents unacceptable low voltages in their respective, immediate areas which otherwise could cause damage to various electrical and electronic equipment; (3) Complete design, material acquisition and construction of 230 kV shunt capacitor addition at Shelton substation to prevent winter blackouts to the Olympic Peninsula area; (4) Complete design, material acquisition and construction of 230 kV shunt capacitor addition at Redmond substation to prevent

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
unacceptable low voltages in the Bend/Redmond, Oregon areas; (5) Complete design, material acquisition and construction of 115 kV shunt capacitor addition at Junction City substation to prevent unacceptable low voltages in the Eugene, Oregon area; (6) Complete design, material acquisition and construction of 230 kV shunt capacitor addition at McNary substation to provide voltage support for Interie transfers; (7) Complete design, material acquisition and construction of 230 kV shunt capacitor at the Ashe substation to prevent unacceptable low voltages that would affect operation of the WNP#2 nuclear plant; (8) Complete planning studies to mitigate overloads on the underlying transmission system for an outage of the 500 kV Paul-River line during summer conditions; (9) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.			
■ Planned major accomplishments FY 2000: (1) Completion of 500 kV shunt capacitor addition at Paul substation that would prevent winter blackouts to the Seattle, Washington area; (2) Completion of planning studies for the East Seattle Reinforcement project which involves a second 500 kV line between Echo Lake and Raver substations, which will be needed to maintain reliable service to the Seattle area loads during winter; (3) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.			
Total Main Grid …….	10,200	21,000	20,800
Area & Customer Services			
■ Strategic Objectives: Area and Customer Service projects assure that BPA meets the reliability standards and the contractual obligations we have to our customers for serving load growth.			
■ Major accomplishments FY 98: (1) Completed construction of the Columbia Falls Transformer			

(dollars in thousands)

FY 1998	FY 1999	FY 2000

Addition, to integrate the full capacity of the upgraded generation at Hungry Horse Dam; (2) Completed construction for the Chehalis Transformer Support facility, which will maintain reliable service in the Chehalis, Washington area; (3) Completed preliminary engineering and environmental coverage for the Teton Area Reinforcement facility, needed to prevent low voltages in the Teton, Idaho, and Jackson, Wyoming area; (4) Completed design, material acquisition and started construction for The Dalles Area Support, needed to prevent line overloads and low voltages in The Dalles area; (5) Completed preliminary engineering and environmental coverage for Albany-Eugene line rebuild to increase transmission capacity and improve reliability in the Eugene area; (6) Continued preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

- Planned major accomplishments FY 99: (1) Complete preliminary engineering, environmental coverage and begin design for the Southwestern Oregon Coast Reinforcement Project to maintain reliability in the Southwest Oregon area and to provide new load service for the Nucor project. The Southwestern Oregon Coast Reinforcement Project consists of constructing 74 miles of 500kV line and a new substation in SW Oregon. Additionally, a new 500 kV breaker and additional systems controls would be installed in the current BPA system. Direct obligations for the Southwestern Oregon Coast Reinforcement Project in this budget period is $3 million for FY 1999 and $10.8 million for FY 2000. There has been a concerted effort by the state of Oregon, local officials and others to site a steel arc furnace plant near Coos Bay, Oregon. The Nucor Corporation, a major steel company based in North Carolina has announced its desire to build a new steel plant in that area. Bonneville, Nucor and Pacificorp conducted an electrical system impact study relating to the siting of an arc furnace near Coos Bay. The study concluded that (a) the existing Bonneville high voltage electric transmission system in the area does not have the capacity to serve this potential 130megawatt (mw)

(dollars in thousands)

FY 1998	FY 1999	FY 2000

electric load, with a projected 225 mw instantaneous peak, and other anticipated load growth on the south coast of Oregon and (b) a 500 kilovolt (kV) electric transmission line (costing about $80 million) would be needed from Eugene, Oregon, to Coos Bay, Oregon. Accordingly, the State of Oregon has requested Bonneville to initiate environmental impact studies on the Southwestern Oregon Coast Reinforcement Project so that an expedited construction schedule for the steel plant can be met. The State of Oregon has also agreed to fund the initial studies and Environmental Impact statement, which Bonneville has subsequently undertaken. The Bonneville Administrator had indicated that Bonneville will not begin construction of this project until (a) Bonneville has in place a long-term contract for transmission services for the plant which includes appropriate stranded cost protection if the plant should be terminated; (b) an adequate up-front Nucor payment is agreed to which will prevent cost shifting to other Bonneville transmission customers under its open access transmission tariff, and (c) all environmental work has been satisfactorily completed. The Bonneville Administrator has also indicated that if Nucor decides not to build the steel mill, Bonneville will stop pre-proposal activities, and suspend the environmental process, but continue to study the reliability of the federal transmission system serving Oregon's South Coast. The FY 2000 Bonneville Budget includes funding for the Southwestern Oregon Coast Reinforcement Project in order to assure that the Administrator is able to initiate construction of the line and associated substation facilities and modifications if (a) such transmission service is requested (b) the Administrator determines Bonneville can proceed in a manner that avoids both cost shifting to other Bonneville transmission customers and increased Treasury repayment risk, (c) a project that complies with the Northwest Forest Plan and the Oregon Plan for Salmon and Watersheds is identified, (d) the projects not adversely affect the protection to Oregon's fish and wildlife provided by existing habitat conservation plans, and (e) complies with all Oregon state law and regulations. (2) Complete design, material acquisition, and construction for the Albany-Eugene line rebuild to increase transmission capacity

(dollars in thousands)

FY 1998	FY 1999	FY 2000

and improve reliability in the Eugene area; (3) Complete design, material acquisition and construction for The Dalles Area Support to prevent unacceptably low voltages and line overloads in The Dalles Area; (4) Complete design, material acquisition, and construction for the Bonneville-The Dalles line reconductor to prevent line overloads in the Hood River area; and (5) Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

- Planned major accomplishments FY 2000: (1) Continue design and begin material acquisition and construction for reinforcements for the Southwestern Oregon Coast Project to maintain reliability in the Southwest Oregon Area and to provide new load service for the Nucor project; (2) Complete design, material acquisition and begin construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (3) Complete design, material acquisition and begin construction on the Shelton-Kitsap line rebuild to double circuit to provide voltage stability and prevent transformer and line overloads in the Kitsap area; (4) Complete design and construction of the Custer-Intalco contractual obligations and provide reliability to the Snohomish, Washington area; and (5) Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

  Bonneville Power has received a formal request for expanded service from Whatcom County PUD under the PUD's open access transmission contract with Bonneville. If Bonneville should determine that this request requires construction of additional transmission facilities, Bonneville will fund this project within the FY 99 and FY 2000 budget through reprogramming of other projects and Whatcom would pay the cost of their transmission service as specified in their transmission contract with Bonneville.

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Total Area & Customer Services ……	4,800	14,200	35,400

Upgrades & Additions

- Strategic objectives: Upgrades and additions include replacing older communications and controls with newer technology including fiber optics in order to maintain or enhance the capabilities of the transmission system. During this budget period, BPA will complete design, material acquisition, and construction of several fiber optics facilities, which will provide future bandwidth capacity that will allow high-speed data transfers and replace current microwave radios which are becoming technologically obsolete and nearing the end of their useful life. Direct obligations for fiber optics included in this budget period are $35,800 for FY1998, $15,700 for FY1999, and $37,400 for FY2000. The above costs also include enhancements to computer systems at the Dittmer and Munro Control Centers which result in significant efficiencies in the areas of system operations and Transmission scheduling, thereby also providing increased customer services.
- Major accomplishments FY 98: (1) Completed design, material acquisition and construction of 790 total miles of fiber optics lines including Ross-Malin, Bell-Covington, and Keeler-Alvey. These projects are part of the overall upgrade to the operational telecommunication system to provide a reliable and flexible communication system; (2) Completed installation of various interim components associated with the OASIS (Open Access Sametime Info System) and the Scheduling Computer Project (SCP) consistent with efforts to separate Transmission and Power scheduling functions; (3) Completed installations of the Dispatchers Training Facility-Phase 2 (RODS Clone) at Dittmer; (4) Completed implementation of various Remedial Action Schemes (RAS) throughout the system which allows for utilizing built in capabilities of the transmission system without having to add major facilities; (5) Completed strategic location of special measuring equipment that will provide valuable real time information to be used for developing future RAS or system additions; (6) Completed various relay

(dollars in thousands)

FY 1998	FY 1999	FY 2000

upgrades at key 500 kV and 230 kV stations that maintains reliability of the control and protection of key transmission lines; (7) Continued planning, design, material acquisition, and construction of various system additions and upgrades required to maintain a reliable system for the BPA service area.

- Planned major accomplishment FY 99: (1) Complete design, material acquisition, and construction of 130 miles of fiber optics on the Covington-Blaine line; (2) Complete design, material acquisition, and construction of the HVDC Master Controller at Celilo that provides a cost efficient, simplified scheduling interface for scheduling power transfers on the DC Interie; (3) Complete design, material acquisition, and construction of the single pole relay upgrades at Big Eddy and John Day 500 kV stations to provide more reliable protection of key 500 kV lines; (4) Complete design, material acquisition and construction of the Inter Control Center Communications Protocol (ICCP) at Dittmer that provides System Operations the ability to communicate with other major utilities that utilize the same protocol; (5) Complete design, acquisition, and construction of communication circuit modifications at Eastern Control Center (ECC) that results in high reliability of a major communications path for system operation needs; (6) Complete design, material acquisition and construction of other RAS schemes that helps maintain levels of reliability and defer major cost additions; (7) Complete design, material acquisition, and construction of moving the Subgrid dispatch functions from Dittmer to Munro Control Center to provide more reliable and efficient dispatching; (8) Continue installation of various intermint components associated with OASIS and SCP; (9) Completion of Phase 1 of COMPASS (Coordinated Outage Management, Planning, and Scheduling System) which will enhance outage coordination functions; (10) Continue planning, design, material acquisition, and construction of various system additions and upgrades required to maintain a reliable system for the BPA service area.

- Planned major accomplishments FY 2000: (1) Complete design, material acquisition, and construction

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
of up to 725 miles of fiber optics; two of which are the Alvey-Dixonville and the Alvey-Bandon Loop lines. These projects are a continuation of the overall upgrade to the operational telecommunication system; (2) Completion of the RODS Front End upgrade at Dittmer which maintains and enhances the capability of receiving real time info from the field that is used for system operations and Transmission scheduling purposes; (3) Completion of efforts to separate Transmission from Power scheduling functions; (4) Continue planning, design, material acquisition, anc construction of various system additions and upgrades required to maintain a reliable system for the BPA service area.			
Total Upgrades and Additions ……..	50,800	36,500	61,300

Replacements

- Strategic objectives: Replacements are based on assuring compliance with reliability and safety standards. Replacements are both electric and non-electric. Included within non-electric replacements are environmental cleanups and included within electric replacements are replacement of PCB contaminated capacitors.

- Non-Electric Replacements:
  Major accomplishments FY 98: (1) Completed design, material acquisition, and construction of the Dittmer Control Center office space addition which lowers costs by consolidating staff in one location at a lower office cost; (2) Completed replacement of fire damaged equipment at the Ross Complex Electrical Lab; (3) Completed replacement of the Celilo DC Converter Station backflow preventer controls; (4) Completed design and construction of the new switchyard surfacing at Columbia Substation to maintain safety; (5) Completed design and start construction for the emergency replacement of the Cold Creek drainage system at Ross Complex to prevent catastrophic failure; (6) Completed design and started construction to upgrade the control house at Eugene Substation to

(dollars in thousands)

FY 1998	FY 1999	FY 2000

improve operation and efficiency; (7) Implemented Reliability-Centered Replacement (RCR) based upon new capital asset management criteria.

Planned major accomplishments FY 99: (1) Complete design, material acquisition, and construction of the permanent Cold Creek drainage replacement at Ross Complex; (2) Complete design, material acquisition and construction of the Ross Substation Emergency Scheduling Center building addition for mandated separation of TBL & PBL scheduling functions; (3) Complete various necessary non-electrical replacements based on RCR implementation.

Planned major accomplishments FY 2000: Complete various non-electric replacements as necessary.

- Electric Replacements (Transmission lines, Substations, System Protection, and System Controls replacements):

  All electrical replacements were accomplished to maintain a reliable electrical system at the least cost by strategically replacing critical items.

  Major accomplishments FY 1998: (1) Continued replacing deteriorating wood pole transmission line structures; (2) Completed construction on the major tower relocation caused by landslide in Satsop-Aberdeen #2 & #3 transmission line; (3) Completed construction on the structure relocation on Keeler-Tillamook #1 transmission line; (4) Completed replacement of one failed Celilo DC tranformer unit; (5) Completed construction for one converter transformer rebuild at Celilo; (6) Completed replacement of high-risk 500 kV breakers at Lower Monumental Substation; (7) Completed replacement of 230 kV power circuit breakers as Snohmish, Maple Valley, Vantage and Conkelley Substations; (8) Completed replacement of high-risk 500 kV breaker at Vantage Substation; (9) Started design and material acquisition for replacement of the fire damaged transformer units at Hot Springs substation; (10) Started design,

(dollars in thousands)

FY 1998	FY 1999	FY 2000

material acquisition for replacement of failed transformer units at Sacajawea substation; (11) Completed design, material acquisition and construction for replacements of PCB contaminated capacitors at various locations; (12) Replace system protection and system control equipment, other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment.

Planned major accomplishments FY 99: All electric replacements are planned to maintain a reliable electrical system at the least cost by strategically replacing critical items. (1) Complete replacement of failed transformer unit at Sacajawea substation; (2) Complete replacement of fire damaged tranformer units at Hot Springs; (3) Complete 500 kV breaker replacement at Slatt substation; (4) Complete 500 kV breaker replacement at Ashe substation; (5) Complete replacements of PCB contaminated capacitors. (6) Replace system protection and system control equipment, other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; (7) Continue replacing deteriorating wood pole transmission line structures.

Planned major accomplishments FY 2000: All electrical replacements are planned to maintain a reliable electrical system at the least cost by strategically replacing critical items. (1) Complete replacements of PCB contaminated capacitors at various locations; (2) Replace system protection and system control equipment, other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; (3) Continue replacing deteriorating wood pole transmission line structures.

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
Total Replacements ……	40,200	64,300	60,900

Projects Funded in Advance

This category includes those facilities and/or equipment where BPA retains ownership but which are funded by another entity, either in total in part through a cost-share agreement.

- Major accomplishments FY 98: (1) Continued design, material acquisition and began construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage; (2) Completed design, material acquisition and begin construction for the Teton Area Reinforcement facility needed to prevent low voltages in the Teton, Idaho and Jackson, Wyoming area; (3) performed environmental cleanup and other work necessary for the sale of BPA facilities; (4) Complete other projects as requested by customers.

- Planned major accomplishments FY 99: (1) Complete design, material acquisition and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage; (2) Complete design, material acquisition and construction of the Teton Area Reinforcement facility needed to prevent low voltages in the Teton, Idaho and Jackson, Wyoming area; (3) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (4) Complete other projects as requested by customers.

- Planned major accomplishments FY 2000: (1) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (2) Complete other projects as requested by customers.

Total Projects Funded in Advance …….	1,800	25,000	25,000

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Total Transmission Services - Capital ……	107,800	161,000	203,400

Explanation of Funding Changes From FY 1999 to FY 2000:

	FY 2000 vs. FY 1999 ($000)
Main Grid	
■ Minor decreased costs. ……	-200
Area & Customer Services	
■ Increased costs associated with the Nucor project and For other customer area ..reinforcement projects. ……	21,200
Upgrades & Additions	
■ Increased costs associated entirely with fiber optics projects. ……...	+24,800
Replacements	
■ Reduced costs associated with projected savings of Reliability Centered Replacement practices. …….. ……..	-3,400
Projects funded in Advance	
■ No change ……...	0
Total, Transmission - Capital ……...	42,400

Power Business Line - Capital

Mission Supporting Goals and Objectives

Associated Project Costs provide for direct funding of additions, improvements and replacements of existing U.S. Bureau of Reclamation and Corps of Engineers hydroelectric projects in the Pacific Northwest. The Bureau and Corps provide power production which is marketed by Bonneville and investing in additions, improvements, and replacements provides for increased performance and availability of generating units.

The Fish and Wildlife program provides for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries pursuant to Section 4(h) of the Northwest Power Act. BPA discharges a major portion of its fish and wildlife responsibilities and reduces the Administrator s obligation, by funding projects and activities designed to be consistent with the Northwest Power Planning Council s (Planning Council) Fish and Wildlife Program. BPA is also mandated to implement measures called for under the Endangered Species Act. These measures are part of the biological opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro system. The capital associated with implementing the reasonable and prudent alternatives of the BOs that relate to BPA s direct fish and wildlife program are included in this budget projection. Additionally, this capital budget reflects, and is consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA fish and wildlife funding of $252 million per year and operations estimated to result in lost revenues and purchased power costs of $90-$280 million per year for the period FY 1996 through FY 2001.

Bonneville has been working with Columbia Basin tribes, state and federal agencies, and pubic interest groups to develop an expected range for Bonneville's fish and wildlife costs for 2002-2006. As of mid-July, 1998 the total estimated annual average financial impact on Bonneville, for the region's fish and wildlife programs ranges from $438 million to over $724 million per year. These costs are still being refined and are subject to change. Final decisions on overall regional fish and wildlife costs and the schedule for program implementation have not been made. Estimates beyond FY 2001 are expected to be available upon conclusion of the current agreement negotiations.

BPA's fish and wildlife capital program is directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to increase juvenile fish passage at mainstream dams, increase fish production and survival through construction of hatchery and acclimation facilities, fish monitoring facilities and fish habitat enhancement. Funding is also included for pre-engineering design and studies for new and developing projects. The priority for capital project funding will focus first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS Biological Opinions and second, on implementing the Planning Council's Fish and Wildlife Program. A current goal of the Planning

Council, and one supported by BPA, is that projects funded under both Bonneville's direct program as well as the reimbursable and capital investment components of the other Federal agencies will be reviewed and prioritized as part of a regional planning initiative process.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Power Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Associated Project Costs	28,400	56,000	79,300	+23,300	+41.6%
Fish & Wildlife	22,100	27,000	27,000	0	0.0%
Total, Power Business Line - Capital	50,500	83,000	106,300	+23,300	+28.1%

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000

Associated Project Costs

- Refine work with both the Corps and the Bureau to reach mutual agreement on which capital improvement projects need to be budgeted and scheduled, are cost effective and are of mutual benefit to provide system or site specific enhancements and efficiencies. These types of projects are in line with BPA's Strategic Business Objectives (SBOs) to keep the power system reliable, be the low cost provider, and operate in a more business-like manner

- Corps of Engineers (known projects to date):

  FY 1998: Completed work on The Dalles, Units 15-22 Exciters Replacements. Completed work on Ice Harbor Unit 5 generator repair. Started work on Power System

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Reliability Improvements. Start work on Green Peter Rewinds. Assume funding responsibility for on-going John Day Rewind work. FY 1999: Complete work on Green Peter Rewinds. Complete work on John Day Rewinds. Continue work on the Power System Reliability Improvement. FY 2000: Continue work on Power System Reliability Improvement. All work is to increase the reliability and efficiency of the Federal Columbia River Power System.			
■ <u>Bureau of Reclamation (known projects to date):</u> FY 1998: Start work on Grand Coulee and Hungry Horse CO2 Replacements, Start Grand Coulee Third Powerhouse Station Service Transformer Replacement, Continue Grand Coulee Stator Replacements, Continue Grand Coulee Runner Replacements, Complete Minidoka Rebuild. FY 1999: Continue Grand Coulee Runner Replacements, Start Grand Coulee Transformer Replacements, Complete Grand Coulee Third Powerhouse Station Service Transformer Replacement, Complete Grand Coulee and Hungry Horse CO2 Replacements, Complete Grand Coulee Stator Replacements. FY 2000: Continue Grand Coulee Transformer Replacements. All work is to increase the efficiency and reliability of the Federal Columbia River Power System.			
Total, Associated Project Costs ……..	28,400	56,000	79,300

Fish and Wildlife

- Although the regional prioritization process for projects to be recommended for funding in FY 2000 is not yet complete, and is not expected to be completed until 1999, the following projects are candidates for capital funding. It is BPA's intention to proceed with design and construction of those projects from this list that are

(dollars in thousands)

FY 1998	FY 1999	FY 2000

recommended for funding within the available budget. The costs indicated are preliminary estimates only and actual costs may be greater or lower than those estimates depending on final design and construction costs.

- 1. Andronmous fish supplementation facilties in the Yakima River Basin and Upper Snake River Basin include the following projects:
  -Hanford K-Basin Fall Chinook. The Hanford K-Basin fall chinook acclimation and Master Plan development in Hanford, Washington, which adjoins the Yakima River Basin, is for the development of a master plan to assess potential uses of non-adioactive cooling water intake settling ponds constructed for the now deactivated Hanford Nuclear K-Reactor. The settling ponds have potential as a facility for fishers enhancement and supplementation. The project also includes a fall chinook supplementation activity designed to enhance the adult return of fall chinook to the Hanford Reach of the Columbia River.
  -Wenatchee and Methow Rivers Coho Salmon. The Wenatchee and Methow Rivers coho salmon restoration in the Mid-Columbia River region of Washington, is for design and construction of acclimation and adult collection facilities.
  -Yakima River and Marion Drain Fall Chinook. The Yakima River fall chinook supplementation along the Yakima River near Yakima, Washington is for the design and construction of fish rearing, acclimation, and adult collection facilities on the lower Yakim River and Marion Drain irrigation return canal. These activities will occur near the cities of Yakima and Prosser, Washington.
  -Yakima River Coho Restoration. The purpose of this project is to determine the feasibility, design, and construction of acclimation sites in the Yakima River at various locations. This project may include producing coho as part of the Yakima Indian Nation's salmon enhancement program. A long-range goal of the Yakima Indian Nation is to see the return of naturally spawning coho back to the Yakima River.

(dollars in thousands)

FY 1998	FY 1999	FY 2000

-Johnson Creek Summer Chinook. Johnson Creek summer chinook salmon restoration in South Fork Salmon Basin of Idaho is to develop, construct, and implement facilities for adult collection and holding, juvenile rearing, and acclimation.
-Spring Chinook Captive Broodstock for the Snake River. The Upper Snake River spring chinook captive broodstock program includes juvenile fish acclimation sites and adult collection facilities located within the Grande Ronde River Basin in Northeast Oregon and captive Broodstock hatchery rearinf facilties located at the Bonneville Dam site hatchery in Oregon and at the National Marine Fisheries Service research station, Manchester, Washington. Also included is the potential initiation of the Northeast Oregon Hatchery Master Plan. This project, as a measure in the Northwest Power Planning Council's (Council) Fish & Wildlife Program, would identify and develop artificial propagation facilities to protect and enhance salmon and steelhead native to the Imnaha, Grande Ronde and Walla Walla River Basins. The Master Plan is scheduled for submittal to the Council in April 1999 for review and approval. Following completion of a NEPA analysis by Bonneville in April 2000, final design could occur in the summer of 2000 and construction could be initiated in late FY 2000.

-Upper Snake River Spring Chinook Salmon Acclimation and Adult Collection. Upper Snake River spring chinook salmon captive Broodstock acclimation and adult collection facilities will be located on the Upper Grande Ronde River near La Grande, Oregon, on the Catherine Creek near Union, Oregon, and on the Lostine River near Enterprise, Oregon.
-Upper Snake River Spring Chinook Salmon Broodstock Rearing Facility. A Spring chinook salmon captive Broodstock rearing facility with be located both at Manchester, Washington and at Bonneville Dam hatchery, Oregon, for the purpose of rearing successive generations of juveniles to preserve the genetic integrity of Upper Snake river spring chinook salmon.

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
‣ 2. The Billy Shaw Reservoir resident fish substituion project on the Duck Valley Indian reservarion near Owyhee, Nevada. The purpose of this facility is for resident fish production as a substition for the loss anadronmous fish due to the construction and operation of the Federal Columbia River Power System. The facility involves the design and construction of a reservoir approximately 430 surface acres in size to rear various resident fish species.			
‣ 3. The resident trout fish culture facility in Southeast Idaho or the Snake River Resident Fish Production Facility: This facility will ve located in Hagerman Valley, Idaho. The purpose of this facility is for resident fish production as a substition for the loss of anadromous fish due to the construction and operation of the Federal Columbia River Power System. This facility is intended to provide a supply of various species of trout for residents of the Duck Valley Indian Reservation, Nevada, and the Fort Hall Indian Reservation, Idaho. The facility involves the purchase of an existing hatchery facility and construction upgrades. -Continue construction on the Yakima and Umatilla River hatcheries, and the Yakima Screens Facilities Phase II. Complete final design and initiate construction of the Nez Perce Hatchery, and initiate final design of the Bonneville Dam Fish Sampling Facility. -Construct habitat improvement passage projects and small irrigation screening projects including development and enhancement of model watersheds. -Continue implementation of high priority Endangered Species Act related projects, and activities associated with the National Marine Fisheries Service Biological Opinion. -Continue acquisition and installation of pit tag monitors at federal dams in Snake and lower Columbia rivers.			
Total, Fish & Wildlife ……	22,100	27,000	27,000

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Total, Power Services – Capital …….	50,500	83,000	106,300

Explanation of Funding Changes From FY 1999 to FY 2000

	FY 2000 vs. FY 1999 ($000)
Associated Project Costs	
■ Funding increase is due to ramping up of the turbine runner and transformer replacements at Grand Coulee, power system reliability improvements, and increases for system maintenance activities.	+23,300
Fish and Wildlife	
■ No change	0
Total Funding Changes, Power Services - Capital	+23,300

Conservation and Energy Efficiency - Capital

Mission Supporting Goals and Objectives

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized, BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation activities and development of energy efficiency services while facilitating activities which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

Funding Schedule (Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Support for Power BL	14,300	14,000	1,000	-13,000	-92.9%
Government Functions	0	0	0	0	0.0%
Market Development	0	0	0	0	0.0%
Total, Conservation and Energy Efficiency - Capital	14,300	14,000	1,000	-13,000	-92.9%

Detailed Program Justification

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Support for Power BL			
■ Support utilities in transition to locally funded conservation programs, and development of local conservation plans to meet specific customer needs. Oversee and monitor program close-out for residential, commercial, industrial, agricultural and conservation acquisitions.			
Total Support for Power BL	14,300	14,000	1,000
Government Functions			
■ BPA Market Transformation activities which previously have been capitalized are now being performed through the regionally funded Northwest Energy Efficiency Alliance and are included			

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
in the Conservation and Energy Efficiency, Government Functions expense category.			
Total Government Functions	0	0	0
Market Development			
■ This function does not include any capital projects. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.			
Total Market Development	0	0	0
Total Conservation and Energy Efficiency - Capital . . .	14,300	14,000	1,000

Explanation of Funding Changes From FY 1999 to FY 2000

	FY 2000 vs. FY 1999 ($000)
Support for Power BL	
■ Most of the conservation acquisition contracts requiring capital investments expire in FY 1999. As these contracts are completed, they are being replaced with new approaches for meeting Bonneville's public responsibilities to promote conservation and energy efficiency. Bonneville is working collaboratively with its ratepayers and other regional entities to develop customer-driven policies and non-governmental sources of funds for running customer-specific conservation and energy efficiency programs.	-13,000
Government Functions	
■ No change.	0
Market Development	
■ No change.	0
■ Total Funding Change, Energy Efficiency	-13,000

Capital Equipment/Capitalized Bond Premium

Mission Supporting Goals and Objectives

This activity provides for the acquisition of general and dedicated special purpose capital automatic data processing (ADP) equipment, development of capitalized ADP software, and acquisition of special-use capital furniture and equipment in support of BPA's strategic objectives. This budget category provides the BPA business lines with the ability to acquire general and dedicated special purpose capital automatic data processing (ADP) equipment. This activity also provides the ability for developing capitalized ADP software, and acquiring of special-use capital furniture and equipment for BPA to meet its strategic business objectives.

Bonneville incurs a bond premium whenever it repays a bond before the due date. When bonds are refinanced, the bond premiums incurred are capitalized. Historically, BPA generally has chosen to finance capitalized bond premiums with bonds issued to the U.S. Treasury, as was envisioned in the Federal Columbia River Transmission System Act of 1974.

Funding Schedule (Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Capital Equipment	7,100	19,300	15,200	-4,100	-21.2%
Capitalized Bond Premium	37,000	6,000	20,000	+14,000	+233.3%
Total Capital Equipment/Capitalized Bond Premium	44,100	25,300	35,200	+9,900	+39.1%

Detailed Program Justification

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Capital Equipment			
■ Acquire capital office furniture and equipment, capital ADP-based administrative telecommunications equipment, ADP equipment (hardware), and support capital software development for all BPA programs.			
Total Capital Equipment	7,100	19,300	15,200
Capitalized Bond Premium			
■ Continue to assess financial market and when cost-effective, refinance available bonds as prudent.			

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
Total Capitalized Bond Premium	37,000	6,000	20,000
Total Capital Equipment/Capitalized Bond Premium	44,100	25,300	35,200

Explanation of Funding Changes From FY 1999 to FY 2000

	FY 2000 vs. FY 1999 ($000)
Capital Equipment	
■ Decrease due to phase in of Business Services project.	-4,100
Capitalized Bond Premium	
■ Increase due to anticipated refinancing opportunities due to anticipated lower interest rates.	+14,000
Total, Capital Equipment/Bond Premium – Capital.	+9,900

Transmission Business Line - Expense

Mission Supporting Goals and Objectives

This activity provides for the transmission system services of engineering, operations and maintenance for BPA's electric transmission system of 15,000 circuit miles (24,135 circuit kilometers) of lines, 360 substations, and associated power system control and communication facilities with an invested cost of more than $4.8 billion. Primary strategies of this program are: 1) maintain the safety and reliability of the transmission system; 2) increase the focus on customers; 3) optimize the transmission system; and 4) improve BPA s competitive position.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Engineering	22,500	24,900	25,100	+200	+0.8%
Operations	45,800	64,900	65,700	+800	+1.2%
Maintenance	116,000	115,500	113,600	-1,900	-1.6%
Total, Transmission Business Line - Operating Expense	184,300	205,300	204,400	-900	-0.4%

Detailed Program Justification:

(dollars in thousands)

FY 1998	FY 1999	FY 2000

Engineering

- Continue efforts to identify best methods for improving system reliability and maintenance practices.
- Continue cost reduction efforts by identifying opportunities for low cost reinforcement & voltage support of the existing transmission system.

- R&D: Conduct in-house transmission system research and development, including (1) studies on reliability, HVDC (high voltage direct current) and HVAC (high voltage alternating current) outage reduction, (2) methods to update existing facilities and reduce maintenance costs
  including reliability-centered monitoring and recording methods for analysis.

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000

- Technical Support: Provide technical support activities, such as transmission system planning and studies to optimize portions of the system.

- Capital-to-Expense Adjustments: Annually, BPA analyzes its outstanding capital work orders to assess whether they should be expensed.

- Reimbursable Transactions: BPA enters into written agreements with Federal and non-Federal entities that have work or services to be performed by BPA staff at the expense of the benefiting utilities. The projects must be beneficial, under the one-utility concept, to BPA operations and to the Federal or non-Federal entity involved. Additionally, these activities contribute to more efficient or reliable construction of the Federal transmission system or otherwise enhance electric service to the region.

- Leased Facilities: BPA leases delivery facilities and voltage support facilities to support the transmission system instead of building or purchasing new assets

Total Engineering	22,500	24,900	25,100

Operations

- FY 1998: Continue to operate within parameters of regional transmission authorities. Prepare for increased complexity of outage scheduling, transmission scheduling, and dispatching in response to customer demand and increased competition between customers. FY 1999: Continue to operate within parameters of regional transmission authorities. Prepare for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled operations workforce by recruiting and

(dollars in thousands)

FY 1998	FY 1999	FY 2000

training apprentices and system schedulers. Develop and implement Business system & tools. Implement Year 2000 changes in system control & general computer system software. FY 2000: Continue to operate within parameters of regional transmission authorities. Prepare for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled Operation dispatching workforce by recruiting and training apprentices & skilled replacements. Continue development and implementation of Business systems & tools.

- Substation Operations: Perform operations functions necessary to provide electric service to customers and to protect the Government's investment in electric equipment. Includes equipment adjustments, switching lines and equipment during emergencies or maintenance, isolating damaged equipment, restoring service to customers, and inspecting equipment, reading meters, etc.

- Power System Control & Dispatching: Includes central dispatching, control, and monitoring of the electric operation of the Federal transmission system. Also includes load, frequency, and voltage control of Federal generating plants; and operation of the system control and data computers at Dittmer and Munro Control Centers.

- Operations Standards & Engineering: Includes analyzing system loads, voltage levels, outage information, stability levels and other data, and making policy recommendations for system operations and related affairs. Provides for development of control center requirements for centralized automation of substations and generation, and BPA participation with other utilities in developing utility operating standards and guides.

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
■ Marketing, Sales, & Services: Provides management and direction of Transmission Rates, provides business strategy in marketing of transmission and ancillary products and services of the Transmission Business Line.			
■ Transmission Scheduling: Provides open access to the Federal Transmission System consistent with transmission tariffs approved by FERC. Schedule and market transmission capacity to BPA customers, California ISO and Pacific Northwest's interconnected utilities. Manages the reservations and scheduling of all transmission services associated with the transmission tariffs.			
Total Operations	45,800	64,900	65,700

Maintenance:

(dollars in thousands)

FY 1998	FY 1999	FY 2000

- In all aspects of maintenance, Bonneville is shifting to the implementation of reliability-centered maintenance practices. This change is focused on improving system reliability and significantly reducing maintenance costs.
  FY 1998: Continued efforts to achieve the System Average Interruption Frequency Index (SAIFI) target of 4 or fewer automatic interruptions at 94 percent of BPA points of delivery (PODs) and the System Average Interruption Duration Index (SAIDI) target of 150 minutes or less of automatic interruptions at 94 percent of PODs. Implemented RCM practices in all of BPA's 7 O&M Regions. Continued to clarify maintenance geographic boundaries to better assure reponsive customer support. Continued high levels of vegetation management.
  FY 1999: Continue to refinc RCM practices at all of BPA's 7 O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above. Incorporate maintenance of fiber optics cable with existing workload. Prepare for the impact of an expected high attrition rate of BPA's skilled maintenance workforce by recruiting apprentices and technical replacements for critical minimum crew size workload positions. Increase outage scheduling planning to increase customer satisfaction.

  Continue high levels of vegetation management.
  FY 2000: Continue to refine RCM practices at all of BPA's O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above. Prepare for the impact of an expected high attrition rate among BPA's aging workforce by recruiting apprentices and replacements for critical minimum crew size workload positions. Increase outage scheduling planning to increase customer satisfaction. Continue high levels of vegetation management.

- Transmission Line Maintenance: Maintain and

(dollars in thousands)

FY 1998	FY 1999	FY 2000

repair nearly 24,135 km (15,000 circuit miles) of high voltage transmission lines, of which over 6,436 km (4,000 circuit miles) are 500-kV transmission EHV (extra-high voltage), which is two and one-half times more labor-intensive than lower transmission voltages, although more efficient in transmission of power. This responsibility includes maintaining transmission rights of way to ensure system reliability, safety and environmental compliance.

- Substation Maintenance: Provides for service and repair of the transmission system power equipment located at more than 360 work sites annually.

- System Protection Maintenance: Provides for the maintenance of relaying and metering equipment used to control and protect the electrical transmission system and to meter energy transfers for the purpose of revenue billing. Additionally, field engineering services provide technical advice and assure the correct operation of power system relaying and special control systems used to support interregional energy transmission capabilities.

- Power System Control Maintenance: Provides for the testing, repair, and field engineering support of BPA's highly complex equipment, communications and control systems, including seven major microwave systems and other critical communications and control systems that support the power system.

- Non-Electric Plant Maintenance**:** Provides for the maintenance of BPA's non-electric facilities. Includes site, building, and building utility maintenance; custodial services; station utility; and other maintenance service activities on BPA-owned or BPA-leased non-electric facilities.

- Maintenance Standards & Engineering:

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
Provides for establishing, monitoring, and updating system maintenance standards, policies, and procedures; and for the review and update of long-range plans for maintenance of the electric power transmission system.			
Total Maintenance	116,000	115,500	113,600
Total Transmission Business Line - Expense	184,300	205,300	204,400

Explanation of Funding Changes From FY 1999 to FY 2000

	FY 2000 vs. FY 1999 ($000)
Engineering	
■ Minor increased costs associated with leased delivery & voltage support facilities	+200
Operations	
■ Increased costs associated with hiring additional skilled technical dispatching and network operations personnel necessary to maintain the high reliability and safety requirements.	+800
Maintenance	
■ Reduced costs associated with materials and efficiencies gained through reliability centered maintenance practices.	-1,900
Total, Transmission Services - Expense	-900

Power Business Line - Operating Expense

Mission Supporting Goals and Objectives:

Production includes all BPA strategic resource planning and business development, short and long-term power purchases, wheeling, electric utility marketing of resources, generation and oversight costs, including the large thermal nuclear projects. These activities identify the Administrator's load obligations, plans and develops products and services to meet the needs of BPA customers, and acquire resources as needed. As a means of mitigating power market risk, Bonneville is a participant in the electricity futures market which was founded in March 1996 by the New York Mercantile Exchange.

Associated Projects provide funding for power related operation and maintenance costs; minor additions, improvements, and replacements; and liabilities of the U.S. Army Corps of Engineers and U.S. Bureau of Reclamation hydroelectric projects in the Pacific which serve many purposes. Both agencies are emphasizing efficient power production from existing facilities and improvement of the performance and availability of power units. BPA pays additional financing costs of the Federal Columbia River Power System facilities through its Interest Expense and Capital Transfer budget programs. BPA is responsible for the actual operations and maintenance expenditures incurred as part of the Lower Snake River Compensation Plan (LSRCP) hatcheries and repays Treasury accordingly. Bonneville is responsible for annual payments to the Confederated Tribes of the Colville Reservation for their claims concerning their contribution to the production of hydropower by the Grand Coulee Dam in accordance with the Settlement Agreement between the United States and the Tribes (April, 1994).

Fish and Wildlife expenses provide for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries. BPA discharges a major portion of its fish and wildlife responsibilities pursuant to Section 4(h) of the Northwest Power Act by funding projects and activities designed to be consistent with the Northwest Power Planning Council's (Planning Council) Fish and Wildlife Program. To satisfy its responsibilities under the Endangered Species Act, BPA implements measures in the biological opinions issued by the NMFS and the USFWS regarding the operations of the Federal Columbia River hydro system. The expenses associated with implementing the reasonable and prudent alternatives of the biological opinions that relate to BPA's direct fish and wildlife program are included in this budget projection. Additionally, these expense amounts reflect, and are consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA to make available fish and wildlife funding of $252 million per year and operations estimated to result in lost revenues and purchased power costs of $88-$285 million per year for the period FY 1996 through FY 2001. The 1998 Biological Opinion for steelhead increased the range estimated to result in lost revenues and purchased power costs by an average of $16 million per year through FY 2001.

BPA's fish and wildlife expense funds are directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to improve habitat conditions for fish and wildlife, juvenile fish passage at mainstream dams, resource studies, monitoring and evaluation, and facility operation and maintenance. The priority for project funding focuses first on

implementing the reasonable and prudent alternatives contained in the NMFS and USFWS biological opinions, and second, on implementing the Planning Council's Fish and Wildlife Program.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Planning Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Planning Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

The Northwest Power Act created the residential exchange program to extend the benefits of low-cost Federal power to the residential and small farm customers of investor-owned (IOU) and publicly-owned utilities. Due in part to concerns expressed during the 1996 rate case about BPA's expected reduction in Residential Exchange Program costs through June 30, 2001 (when exchange contracts expire), and thus a decrease in benefits to regional IOU and public agency program participants, the Energy and Water Development Appropriations Act, Public Law 104-46, established Residential Exchange costs at $145 million for fiscal year 1997. Conference report language encouraged BPA to reach settlement agreements with participants in order to "gradually phase out the Residential Exchange Program by October 1, 2001." The 1996 Comprehensive Regional Review also recommended that settlement discussions continue regarding the Residential Exchange Program. Settlement agreements have now been reached with all publicly-owned utilities that have participated in the exchange program and investor-owned utilities. Actual costs will differ pending finalization of a payment schedule.

The Northwest Power Act directs that expenses of the Planning Council, subject to certain limits based on forecasted BPA power sales, shall be included in BPA's annual budget to Congress. Funding for the Planning Council is provided by Bonneville and is recovered through Bonneville rates. Its major activities include the periodic preparation of a northwest Conservation and Electric Power Plan (a 20 year electric energy demand and resources forecast and energy conservation program) and a Columbia River Basin Fish and Wildlife Program of loss mitigation and resource enhancement actions.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Production	1,114,400	1,080,000	1,083,100	+3,100	+0.3%
Associated Projects Costs.	187,700	175,300	176,700	+1,400	+0.8%
Fish & Wildlife.	104,900	110,000	105,000	-5,000	-4.5%
Residential Exchange	74,500	61,100	61,200	+100	+0.2%
Planning Council	7,400	7,100	6,700	-400	-5.6%
Total, Power Services - Operating Expense	1,488,900	1,433,500	1,432,700	-800	-0.1%

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000

Production

- Short-Term Power Purchases/PNCA Interchange: Purchase power for resale, fish mitigation or for the efficient operation of the power system. Under terms of the Pacific Northwest Coordination Agreement (PNCA), make payments to other generating utilities for power received as interchange energy. Interchange energy is energy transferred between utilities either to supply all or a part of any deficiency between a utility's actual energy capability and its firm energy load carrying capability or to return such energy to the supplying utility.

- Power Scheduling/Marketing: Schedule and market electric energy to BPA customers and Pacific Northwest's interconnected utilities. Place major emphasis on scheduling and supporting implementation of intertie access policy and streamflow coordination with the water budget of the Fish and Wildlife Program.

- Trojan: Continued termination and decommissioning of BPA's 30 percent share of the Trojan Nuclear Plant.

- WNP-2: Continued to acquire full capability of WNP-2.

- WNP-1/WNP-3: Continued to fulfill contractual obligations for WNP-1 and WNP-3.

- Long-Term Power Purchases and Wheeling: FY 1998: Continue to acquire 100 percent of the Idaho Falls and Cowlitz Falls hydroelectric project output. Continue to acquire 100 percent of Wauna project output. Continued contract payments on four billing credit projects. The FY1998 cost level includes $159 million for costs awarded to Tenaska by arbitrators in July 1998 and paid directly from the U.S. Treasury's judgment fund in November 1998. Bonneville will fully reimburse the Treasury for the judgment funds used plus interest. In December

(dollars in thousands)

FY 1998	FY 1999	FY 2000

1998 Bonneville made its first reimbursement payment of $80.4 million to the Judgement Fund Branch. The remainder of the debt will be paid in three equal payments concluding in August 2001.
FY 1999: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, Wauna and Wyoming Wind project output. Continue contract payments on four billing credit projects.
FY 2000: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, and Wauna project output. Continue contract payments on four billing credit projects.

- Generation & Oversight:
  FY 1998: Continue to provide oversight of all contracts signed to date. Continued the environmental review and permitting of the Columbia Wind Farm Project. Started the National Environmental Policy Act (NEPA) process for the Fourmile Hill and Telephone Flat Geothermal Project. Continued to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provided oversight of large thermal generating plants from which BPA purchases capability. Coordinated operation of the Pacific Northwest and Canadian Power Systems. Provided litigation and legal services covering existing and prospective financing arrangements involving the nuclear generating projects; Columbia River Treaty, non-Treaty and related resources issues. Includes major contract with the Department of Justice for the WNP-1 and WNP-3 cost sharing contracts signed to date. Issue Record of Decision for the Columbia Wind Farm Project. Continue the NEPA process for the Fourmile Hill and Telephone Flat Geothermal Project. Continue to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability. Develop coordinated operation of the Pacific Northwest and Canadian Power Systems, investigate and analyze Canadian proposals for power export.
  FY2000: Continue to provide oversight of all contracts signed to date. Provide oversight of large thermal generating plants from which BPA purchases

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners.			
Total Production	1,114,400	1,080,000	1,083,100

Associated Project Costs

- Support FCRPS project costs and work to improve relationships to improve project support and better understand project costs. This helps to maintain FCRPS system integrity and the attainment of BPA's strategic business objectives.

- Bureau of Reclamation:
  FY 1998: Direct funding for O&M Power activities began.
  FY1999: Continue direct funding the Bureau for O&M Power activities.
  FY2000: Continue direct funding for O&M Power activities.

Total Associated Project Costs	187,700	175,300	176,700

Fish and Wildlife

In a manner consistent with the Fish and Wildlife Budget Memorandum of Agreement of October 1996:

- Anadromous Fish: Continue implementing projects which support Endangered Species Act listed species and other measures called for under the NMFS BO. Continue to fund and implement Northwest Power Act responsibilities and Planning Council's Fish and Wildlife program based on measures installed in FY 1996 and before. Continue to implement and develop downstream migration, disease and predator control programs, artificial production methods, and habitat improvement activities. These activities have been selected in response to the Pacific Northwest Electric Power Planning and Conservation Act (Power Act) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries".

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000

- Resident Fish: Continue to study the effects of reservoir operation on the resident fish population. Continue efforts for in-stream flow studies, stock status studies, habitat improvement and monitoring evaluation studies, and white sturgeon habitat requirements consistent with Endangered Species Act requirements. Continue activities associated with species under review for possible listing as threatened or endangered under the Endangered Species Act. Continued efforts conducted in FY 1997 and prior. These activities have been selected in response to the Pacific Northwest Electric Power Planning and Conservation Act (Power Act) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries".

- Continue mitigation in resident fish for anadromous losses (substitution), mitigation for reservoir operation impacts to resident fish, and continue to refine, quantify, and delineate the difference between the two.

- Wildlife: Continue the FY 1996 program including funding for wildlife actions resulting from Planning Council Fish and Wildlife Program amendments for wildlife mitigation. These activities have been selected in response to the Pacific Northwest Electric Power Planning and Conservation Act (Power Act) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries".

Total Fish and Wildlife	104,900	110,000	105,000

Residential Exchange

Fiscal Years 1998, 1999 and 2000 include contract settlement agreement costs consistent with Congressional intent to phase out the Residential Exchange Program and the net cost of the remaining utility that has not yet settled. Settlement agreement costs will differ when a final payment schedule is determined.

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
Total Residential Exchange	74,500	61,100	61,200
Planning Council			
Total Power Services	7,400	7,100	6,700
	1,488,900	1,433,500	1,432,700

Explanation of Funding Changes from FY 1999 to FY 2000

	FY 2000 vs. FY 1999 ($000)
Production:	
■ Minor increased costs	+3,100
.	
Associated Project Costs:	
■ Minor increased costs	+1,400
Fish and Wildlife:	
■ Reduction in FY 2000 due to anticipated efficiencies	-5,000
Residential Exchange:	
■ Minor increased costs.	+100
Planning Council:	
■ Reflects efficiencies in operations.	- 400
Total, Power Expense	-800

Conservation and Energy Efficiency Services- Operating Expense

Mission Supporting Goals and Objectives

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation and development activities while facilitating activities which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

Funding Schedule (Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
Support for Power Business Line .	22,400	20,500	18,500	-2,000	-9.8%
Government Functions	13,400	16,000	16,000	0	0.0%
Market Development	6,400	6,900	8,200	+1,300	+18.8%
Total, Conservation and Energy Efficiency - Operating Expense . . .	42,200	43,400	42,700	-700	-1.6%

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000

Support for Power BL

- Acquire conservation resources through competitive acquisition, billing credits and multi-sector mechanisms. Support utilities in transition to locally funded conservation programs and development of local conservation plans to meet specific customer needs. Oversee and monitor program close-out for residential, commercial, industrial, and agricultural conservation acquisitions.
- Energy Efficiency supports the Power business line in bundling energy efficiency and other services into future power sales. Energy Efficiency also provides technical support to the Power business line in the implementation, oversight and monitoring of existing power sales contract.

	(dollars in thousands)		
	FY 1998	FY 1999	FY 2000
Total Support for Power BL	22,400	20,500	18,500

Government Functions

- Create and enhance markets through delivery of public benefits. Develop regional partnerships to explore which technologies to promote and the process to deliver them. Primarily provide leadership and collaborative funding for market transformation initiatives. Continue activities being performed through the regionally funded Northwest Energy Efficiency Alliance through a multi-party agreement signed in 1997.
- Implementation of Bonneville's public responsibilities includes Sponsored Efficiency Initiatives managed in Energy Efficiency. These activities include providing technology leadership, technology transfer, policy leadership, and information sharing to the region and its ratepayers.

Total Government Functions	13,400	16,000	16,000

Market Development

- Work with regional customers and federal agencies to develop customized, tailored, services to meet specific needs and priorities; continue internal transition activities. The goal is to help and support public utility customers in maintaining a competitive edge in the marketplace. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.

Total Market Development	6,400	6,900	8,200
Total Conservation and Energy Efficiency	42,200	43,400	42,700

Explanation of Funding Changes from FY 1999 to FY 2000

	FY 2000 vs. FY 1999 ($000)
Support for PBL	
■ Minor decrease in activities	-2,000
Government Functions	
■ No change	0
Market Development	
■ Minor increase in activities	+1,300
Total Funding Changes, Conservation and Energy Efficiency	-700

Interest, Pension and Post-retirement Benefits Operating Expense

Mission Supporting Goals and Objectives

Interest expense provides for the payment of interest due on Federal Columbia River Power System (FCRPS) debt. This consists of capital investment in FCRPS hydroelectric generating and transmission facilities of BPA, the Corps of Engineers and the Bureau of Reclamation. Investments were financed by Congressional appropriations and BPA borrowings from the U.S. Treasury. BPA repays FCRPS debt through its power sales and transmission services revenues.

Since receiving Treasury borrowing authority in 1974 under the Transmission System Act, all BPA borrowings have been at market rates. As of October 1, 1996, all of BPA's repayment obligations on FCRPS appropriated investment (Corps and Bureau FCRPS investment and BPA investment financed with appropriations prior to the Transmission System Act) which were unpaid as of September 30, 1996, were restructured and assigned new current-market interest rates. The Bonneville Appropriations Refinancing Act of 1996 (Act) called for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the U.S. Treasury for these obligations in the absence of the legislation, plus $100 million. The new principal amounts are then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligations on appropriations at the end of FY 1996 were $6.7 billion with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion with a weighted average interest rate of 7.1 percent. Implementation of the refinancing took place in 1997, after audited actual financial data was available. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the Act to Treasury for their review and approval. Treasury approved the implementation calculations in July 1997.

The Act also calls for all future FCRPS appropriations to be assigned prevailing Treasury yield curve interest rates.

Interest estimates are a direct function of costs of Treasury borrowing to BPA, repayment status of outstanding FCRPS investments, and projected additions to FCRPS plant in service. The interest cost estimates below include the impact of BPA's appropriation refinancing legislation.

Pension and Post-retirement Benefits assumes that the Bonneville will continue in FY 2000 to prospectively cover the full unfunded liability that will accrue in fiscal years after FY 1997 of the Civil Service Retirement and Disability Fund (Disability Fund), the Employees Health Benefits Fund (Health Fund) and the Employees Life Insurance Fund (Insurance Fund) that it has not covered prior to FY 1998. The unfunded liability is the difference in the current cost of paying current Federal Columbia River Power System(FCRPS) employees retirement benefits and the

sum of (1) seven percent withheld from current employees salaries and (2) an additional seven percent of wages that the FCRPS must already contribute into the Disability Fund each year. This FY 2000 Budget is consistent with the FY 1999 Budget which assumed the entire Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001 in order to meet competitive market pressures. The following amounts are assumed to be recovered by Bonneville: $2.2 million in FY 1998; $4.1 million in FY 1999; $ 6.0 million in FY 2000; $8.0 million in FY 2001; $55.2 million in FY 2002, $35.1 million in FY 2003 and $30.9 in FY 2004. A portion of these costs may be capitalized after further analysis is completed. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2002, recovery is assumed to come from new revenues.

Cost estimates include Bonneville and the power related portion of Corps of Engineers, Bureau of Reclamation, and the United States Fish & Wildlife Pension and Post-retirement Benefits. These estimates are subject to further revision following further review. The Administration has determined that no additional legal authority is required for the Bonneville Power Administration to recover these expenses after FY 1997 and to deposit such recovery in the Miscellaneous Receipts of the U.S. Treasury.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	%Change
BPA Bond Interest (Net)	139,700	124,300	130,100	+5,800	+4.7%
BPA Appropriation Interest . . .	76,400	74,200	71,500	-2,700	-3.6%
Corps of Engineers . . . . . Appropriation Interest	167,200	166,400	170,500	+4,100	+2.5%
Lower Snake River Comp Plan Interest	16,500	16,600	16,700	+100	+.6%
Bureau of Reclamation . . . . . Appropriation Interest .	34,500	40,600	40,700	+100	0.0%
Total Interest - Operating Expense	434,300	422,100	429,500	+7,400	+2.2%
Pension & Post-retirement Benefits .	2,200	4,100	6,000	+1,900	+46.3%

Capital Transfers

Mission Supporting Goals and Objectives

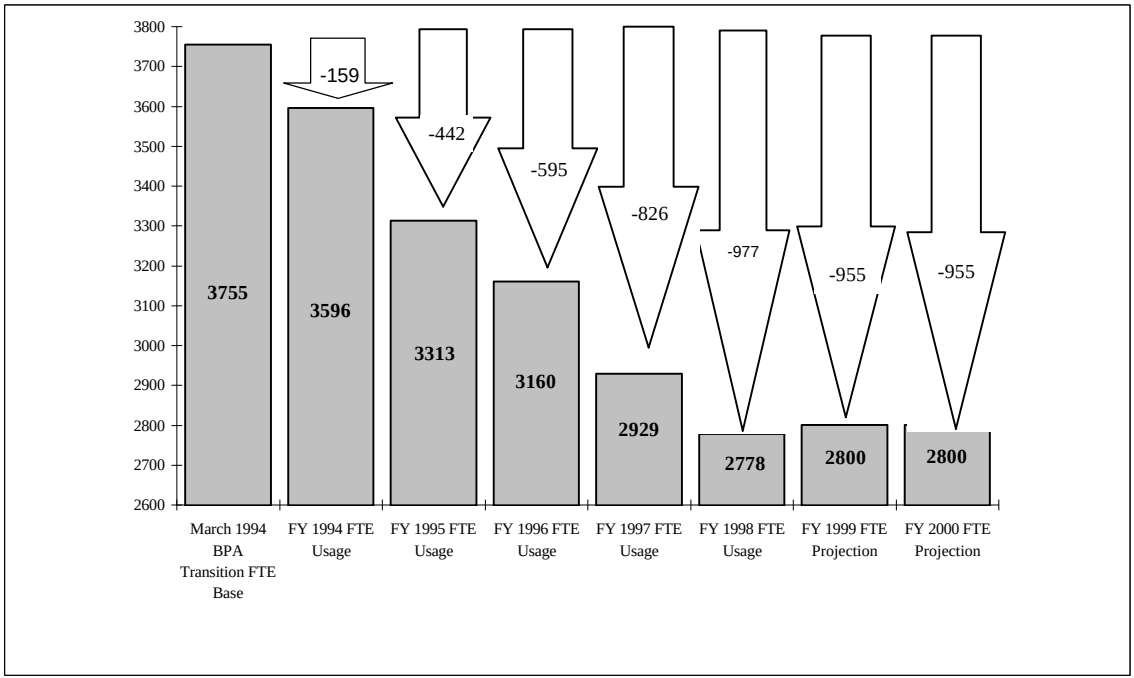
This activity conveys funds to the U.S. Treasury for repayment of certain Federal Columbia River Power System costs not included in the Associated Project Costs budget. Since capital transfers are cash transactions they are not considered budget obligations.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	$ Change	% Change
BPA Bond Amortization	212,000	121,800	142,000	+20,200	+16.6%
BPA Appropriation Amortization .	35,000	41,000	22,100	-18,900	-46.1%
Corps Appropriation Amortization	0	1,000	0	-1,000	-100.0%
Total, Capital Transfers	247,000	163,600	164,100	+300	+0.2%

BONNEVILLE FTE REDUCTION
(Revised December 21, 1998)



BPA's March 1994 baseline for FY 1994 was the number of filled positions (permanent and temporary, full and part-time, including student programs charged against FTE allocations) whose incumbents were actually on board and charging against BPA FTE. BPA identified this as baselines for both employment and FTE.

BPA has utilized the following number of Voluntary Separation Incentives (VSIs): 240 in FY 1994, 192 in FY 1995, 138 in FY 1996, 138 in FY 1997, 100 in FY 1998 and BPA estimates it may be able to use 100 - 130 VSIs in FY 1999.

BPA expects a small FTE increase in FYs 1999 and 2000 as part of it's succession planning efforts, but is planning further reductions over time. BPA has initiated an effort in 1999 to complete a comprehensive multi-year staffing plan for FY 2001 and beyond.

(in millions of dollars) GRB 28-Jan-99

FISCAL YEAR

BP-1 SUMMARY

TOTAL OBLIGATIONS/OUTLAYS

	----1998----		---1999----		---2000---		2001	2002	2003	2004
	Oblig.	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Oblig.**	**Oblig.**	**Oblig.**
1 Residential Exchange	75	75	61	61	61	61	46	0	0	0
2 Power Business Line 1/	1,302	1,302	1,256	1,256	1,260	1,260	1,240	1,101	1,119	1,098
3 Transmission Business Line	304	290	341	341	414	382	428	380	385	361
4 Conservation & Energy Efficiency Services	54	56	57	57	44	44	37	34	32	32
5 Fish & Wildlife	132	127	137	137	132	132	132	108	111	114
6 Interest/ Pension 3/	436	436	426	426	436	436	465	530	510	515
7 Associated Project Costs - Capital	29	28	56	56	79	79	77	93	87	63
8 Capital Equipment	7	7	19	19	15	15	10	5	5	5
9 Planning Council	7	7	7	7	7	7	6	5	5	5
10 Projects Funded in Advanced	2	2	25	25	25	25	25	25	25	25
11 Capitalized Bond Premiums	37	37	6	6	20	20	5	7	7	6
12 **TOTAL OBLIGATIONS/ OUTLAYS 2/**	**2,385**	**2,367**	**2,391**	**2,391**	**2,493**	**2,461**	**2,471**	**2,288**	**2,286**	**2,224**

BP-1 continued

REVENUES AND REIMBURSEMENTS

(in millions of dollars)

		----1998----		---1999----		---2000---		2001	2002	2003	2004
		Accru.	Cash	Accru.	Cash	Accru.	Cash	Accru.	Accru.	Accru.	Accru.
13	Revenues 4/	2,314	2,422	2,427	2,427	2,459	2,459	2,516	2,354	2,372	2,412
14	Projects Funded in Advanced	2	2	25	25	25	25	25	25	25	25
15	**TOTAL**	**2,316**	**2,424**	**2,452**	**2,452**	**2,484**	**2,484**	**2,541**	**2,379**	**2,397**	**2,437**
16	**BUDGET AUTHORITY (NET)**	**(17)**		**(87)**		**8**		**(60)**	**(92)**	**(85)**	**(187)**
17	**OUTLAYS**		**(178)**		**(61)**		**(23)**	**(70)**	**(91)**	**(111)**	**(213)**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, and Associated Project Costs which have been shown separately for display purposes.

2/ BPA's FY 2000 budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps.

3/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 2000 Budget assumes that the following amounts will be recovered by Bonneville: $2.2 million in FY 1998; $4.1 million in FY 1999; $6.0 millionin FY 2000; $8.0 million in FY 2001; $55.2 million FY 2002; $35.1 in FY 2003; $30.9 in FY 2004. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

4/ Revenues post FY 1998 include BPA accrued expenses, depreciation, net revenues,and 4(h) 10 (c) credits for the following amounts ; $14 million in FY1998 and $60 million annually for FYs 1999-2004. The FY1998 amount reflects accounting adjustments for prior year 4(h)10(c) credits (FYs 1995 - 1997).

BP-2

EXPENSED OBLIGATIONS/OUTLAYS

(in millions of dollars)

FISCAL YEAR

		----1998----		---1999---		---2000---		2001	2002	2003	2004
		Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
1	Residential Exchange	75	75	61	61	61	61	46	0	0	0
2	Power Business Line 1/	1,302	1,302	1,256	1,256	1,260	1,260	1,240	1,101	1,119	1,098
3	Transmission Business Line	184	184	205	205	204	204	209	190	190	190
4	Conservation & Energy Efficiency Services	42	42	43	43	43	43	36	34	32	32
5	Fish & Wildlife	105	105	110	110	105	105	105	103	106	109
6	Interest/ Pension 2/	436	436	426	426	436	436	465	530	510	515
7	Planning Council	7	7	7	7	7	7	6	5	5	5
8	**OBLIGATIONS/ OUTLAYS**	**2,151**	**2,151**	**2,108**	**2,108**	**2,116**	**2,116**	**2,107**	**1,963**	**1,962**	**1,949**
9	Projects Funded in Advance	2	2	25	25	25	25	25	25	25	25

CAPITAL OBLIGATIONS/OUTLAYS

(in millions of dollars)

FISCAL YEAR

BP-2 continued	---1998---		---1999---		---2000---		2001	2002	2003	2004
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
10 Conservation & Energy Efficiency Services	12	14	14	14	1	1	1	0	0	0
11 Transmission Business Line	120	106	136	136	210	178	219	190	195	171
12 Associated Project Costs - Capital	29	28	56	56	79	79	77	93	87	63
13 Fish & Wildlife	27	22	27	27	27	27	27	5	5	5
14 Capital Equipment	7	7	19	19	15	15	10	5	5	5
15 Capitalized Bond Premiums	37	37	6	6	20	20	5	7	7	6
16 **TOTAL CAPITAL INVESTMENTS**	**232**	**214**	**258**	**258**	**352**	**320**	**339**	**300**	**299**	**250**
BORROWING AUTHORITY TO										
17 **FINANCE CAPITAL OBLIGATIONS 3,4/**	**232**		**258**		**352**		**339**	**300**	**299**	**250**
BORROWING										
18 **FINANCE OTHER OBLIGATIONS**	**(2)**		**(178)**		**(180)**		**(255)**	**(154)**	**(173)**	**(210)**
19 **TOTAL BORROWING AUTHORITY**	**230**		**80**		**172**		**84**	**146**	**126**	**40**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, and Associated Project Costs which have been shown separately for display purposes.

2/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 2000 Budget assumes that the following amounts will be recovered by Bonneville: $2.2 million in FY 1998; $4.1 million in FY 1999; $6.0 million in FY 2000; $8.0 million in FY 2001; $55.2 million FY 2002; $35.1 in FY 2003; $30.9 million in FY 2004. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

3/ BPA's FY 2000 budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.

4/ Borrowing Authority to Finance Other Obligations represents the use of (positive), or building up of (negative), deferred borrowing. Deferred borrowing is created when Bonneville uses cash from revenues to liquidate capital obligations in lieu of borrowing. This creates the ability in future years to borrow money, when fiscally prudent, to liquidate revenue funded activities. The amount on this line, under the title "Borrowing Authority to Finance Other Obligations" represents the annual use, or creation of deferred borrowing. OMB has requested that Bonneville show this deferred borrowing as a resource carried forward from year-to-year in the manner displayed here. It is important to note that the borrowing authority amount on line 17 "Borrowing Authority to Finance Capital Obligations" is the amount which is tracked by the Congressional Committees.

BP-3

CURRENT SERVICES
(in millions of dollars)
FISCAL YEAR

		1998 Pymts	1999 Pymts	2000 Pymts	2001 Pymts	2002 Pymts	2003 Pymts	2004 Pymts
	CAPITAL TRANSFERS							
	Amortization:							
20	BPA Bonds	212	122	142	74	187	137	138
	Bureau							
21	Amortization	0	0	0	19	1	1	0
	BPA							
22	Appropriations	35	41	22	47	24	26	17
	Corps							
23	Appropriations	0	1	0	13	26	47	72
	TOTAL CAPITAL							
24	**TRANSFERS**	**247**	**164**	**164**	**153**	**238**	**211**	**227**

STAFFING

	FULL-TIME EQUIVALENT							
24	**EMP. (FTE) 1/**	**2,778**	**2,800**	**2,800**	**2,755**	**2,755**	**2,755**	**2,755**

1/ FTE figures assume continued availability of BPA's VSI authority, receipt each fiscal year through FY 1999 of "early out" authority from the Office of Personal Management, and that individuals depart as scheduled.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 2000 CONGRESSIONAL BUDGET SUBMITTAL
BPA STATUS of BORROWING
(in millions of dollars)

BP-4A

	FY 1FY 1997				FY 1FY 1998			
	Capital Obs.	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.	Capital Obs	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	**1,937**		**1,937**		**1,958**		**1,958**	
Start-of-Year: 1980 Act	**688**		**688**		**720**		**720**	
Start-of-Year: Total	2,625	2,584	2,625	2,499	2,678	2,637	2,678	2,552
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**163**		**163**		**161**		**161**	
Annual Increase: 1980 Act	**82**		**82**		**97**		**97**	
Annual Borrowing A. Increase	245	245	245		258	258	258	
Treasury Borrowing (Cash)				245				258
Less:								
Bond Amortization: 1974 Act	**142**		**142**		**123**		**123**	
Bond Amortization: 1980 Act	**50**		**50**		**0**		**0**	
Total BPA Bond Amortization	192	192	192	192	123	123	123	123
Net Increase/(Decrease):								
1974 Act	**21**		**21**		**38**		**38**	
1980 Act	**32**		**32**		**97**		**97**	
Total	53	53	53	53	135	135	135	135
Cum. - End-of-Year: 1974 Act	**1,958**		**1,958**		**1,996**		**1,996**	
End-of-Year: 1980 Act	**720**		**720**		**817**		**817**	
End-of-Year: Total	2,678	2,637	2,678	2,552	2,813	2,772	2,813	2,687
Remaining Leg. Borrowing A.:								
1974 Act	**542**				**504**			
1980 Act	**530**				**433**			
Total Borrowing Authority	1,072	1,113		1,198	937	978		1,063
Total Legislated Borrowing A.	3,750	3,750		3,750	3,750	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 2000 CONGRESSIONAL BUDGET SUBMITTAL
BPA STATUS of BORROWING
(in millions of dollars)

BP-4B

	FY 2(FY 1999				FY 2FY 2000			
	Capital Obs.	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.	Capital Obs.	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	**1,996**		**1,996**		**2,149**		**2,117**	
Start-of-Year: 1980 Act	**817**		**817**		**874**		**874**	
Start-of-Year: Total	2,813	2,772	2,813	2,687	3,023	2,982	2,991	2,865
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**245**		**213**		**234**		**234**	
Annual Increase: 1980 Act	**107**		**107**		**105**		**105**	
Annual Borrowing A. Increase	352	352	320		339	339	339	
Treasury Borrowing (Cash)				320				339
Less:								
Bond Amortization: 1974 Act	**92**		**92**		**90**		**90**	
Bond Amortization: 1980 Act	**50**		**50**		**0**		**0**	
Total BPA Bond Amortization 2/	142	142	142	142	90	90	90	90
Net Increase/(Decrease):								
1974 Act	**153**		**121**		**144**		**144**	
1980 Act	**57**		**57**		**105**		**105**	
Total	210	210	178	178	249	249	249	249
Cum. - End-of-Year: 1974 Act	**2,149**		**2,117**		**2,293**		**2,261**	
End-of-Year: 1980 Act	**874**		**874**		**979**		**979**	
End-of-Year: Total	3,023	2,982	2,991	2,865	3,272	3,231	3,240	3,114
Remaining Leg. Borrowing A.:								
1974 Act	**351**				**207**			
1980 Act	**376**				**271**			
Total Borrowing Authority	727	768		885	478	519		636
Total Legislated Borrowing A.	3,750	3,750		3,750	3,750	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 2000 CONGRESSIONAL BUDGET SUBMITTAL
BPA STATUS of BORROWING
(in millions of dollars)

BP-4C

	FY 2002				FY 200 FY 2002			
	Capital Obs.	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.	Capital Obs.	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	**2,293**		**2,261**		**2,378**		**2,346**	
Start-of-Year: 1980 Act	**979**		**979**		**983**		**983**	
Start-of-Year: Total	3,272	3,231	3,240	3,114	3,361	3,320	3,329	3,203
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**180**		**180**		**185**		**185**	
Annual Increase: 1980 Act	**120**		**120**		**114**		**114**	
Annual Borrowing A. Increase	300	300	300		299	299	299	
Treasury Borrowing (Cash)				300				299
Less:								
Bond Amortization: 1974 Act	**95**		**95**		**171**		**171**	
Bond Amortization: 1980 Act	**116**		**116**		**0**		**0**	
Total BPA Bond Amortization 2/	211	211	211	211	171	171	171	171
Net Increase/(Decrease):								
1974 Act	**85**		**85**		**14**		**14**	
1980 Act	**4**		**4**		**114**		**114**	
Total	89	89	89	89	128	128	128	128
Cum. - End-of-Year: 1974 Act	**2,378**		**2,346**		**2,392**		**2,360**	
End-of-Year: 1980 Act	**983**		**983**		**1,097**		**1,097**	
End-of-Year: Total	3,361	3,320	3,329	3,203	3,489	3,448	3,457	3,331
Remaining Leg. Borrowing A.:								
1974 Act	**122**				**108**			
1980 Act	**267**				**153**			
Total Borrowing Authority	389	430		547	261	302		419
Total Legislated Borrowing A.	3,750	3,750		3,750	3,750	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 2000 CONGRESSIONAL BUDGET SUBMITTAL
BPA STATUS of BORROWING
(in millions of dollars)

BP-4D

	FY 2004			
	Capital Obs.	Annual Borrow. Auth.	Capital Expend.	Treasury Borrow.
Cum. - Start-of-Year: 1974 Act	**2,392**		**2,360**	
Start-of-Year: 1980 Act	**1,097**		**1,097**	
Start-of-Year: Total	3,489	3,448	3,457	3,331
Plus: Annual Increase 1/				
Annual Increase: 1974 Act	**160**		**160**	
Annual Increase: 1980 Act	**90**		**90**	
Annual Borrowing A. Increase	250	250	250	
Treasury Borrowing (Cash)				250
Less:				
Bond Amortization: 1974 Act	**141**		**141**	
Bond Amortization: 1980 Act	**0**		**0**	
Total BPA Bond Amortization	141	141	141	141
Net Increase/(Decrease):				
1974 Act	**19**		**19**	
1980 Act	**90**		**90**	
Total	109	109	109	109
Cum. - End-of-Year: 1974 Act	**2,411**		**2,379**	
End-of-Year: 1980 Act	**1,187**		**1,187**	
End-of-Year: Total	3,598	3,557	3,566	3,440
Remaining Leg. Borrowing A.:				
1974 Act	**89**			
1980 Act	**63**			
Total Borrowing Authority	152	193		310
Total Legislated Borrowing A.	3,750	3,750		3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of debt financing by assuming an optimal allocation of borrowing resources between the Transmission Act cap and the Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

PROGRAM & FINANCING SUMMARY
(in millions of dollars)

Identification Code: 89-4045-0-3-271 1/28/99

		1998	1999	est. 2000	2001	2002	2003	2004
Program by activities:								
	Operating expenses:							
0.1	Power Business Line	1114	1080	1083	1061	913	952	930
0.11	Residential Exchange	75	61	61	46	0	0	0
	Associated Project Costs:							
0.12	Bureau of Reclamation	56	48	46	48	48	49	49
0.13	Corps of Engineers	105	100	101	102	108	112	112
0.14	Colville Settlement	15	15	15	15	16	16	16
0.15	U.S. Fish & Wildlife Service	12	12	14	15	15	16	17
0.16	Planning Council	7	7	7	6	5	5	5
0.17	Fish & Wildlife	105	110	105	105	103	106	109
0.2	Transmission Business Line	184	205	204	209	190	190	190
0.3	Conservation & Energy Efficiency	42	43	43	36	34	32	32
0.4	Interest	434	422	430	457	475	475	484
0.5	Pension and Health Benefits 1/	2	4	6	8	55	35	31
0.6	Total operating expenses 2/	2151	2107	2115	2108	1962	1988	1975
	Capital investment:							
1.01	Power Business Line	29	56	79	77	93	87	63
1.02	Transmission Services	120	136	210	219	190	195	171
1.03	Conservation & Energy Efficiency	12	14	1	1	0	0	0
1.04	Fish & Wildlife	27	27	27	27	5	5	5
1.05	Capital Equipment	7	19	15	10	5	5	5
1.06	Capitalized Bond Premiums	37	6	20	5	7	7	6
1.07	Total Capital Investment 3/	232	258	352	339	300	299	250
2.01	Projects Funded in Advanced	2	25	25	25	25	25	25
10.00	Total obligations	2385	2390	2492	2472	2287	2312	2250

1/ Assumes that Bonneville will fully recover, from the sale of electric power and transmission, funds sufficient to cover the full cost of associated Civil Service Retirement System and Post -Retirement Benefits. The full cost of employees working under the Federal Employees Retirement System (FERS) is already fully recovered in Bonneville wholesale electric power and transmission rates.

2/ Reflects expense obligations, not accrued expenses.

3/ Reflects capital obligations, not capital expenditures.

Program and Financing (continued)
(in millions of dollars)

		1998	1999	est. 2000	2001	2002	2003	2004
Financing:								
21.90	Unobligated balance available, start of year: Treasury balance 3/	-424	-446	-424	-424	-424	-424	-424
24.90	Unobligated balance available, end of year: Treasury balance 3/	446	424	424	424	424	424	424
25.00	Unobligated balance lapsing	0	0	0	0	0	0	0
39.00	Budget authority (gross)	2407	2368	2492	2472	2287	2312	2250
Budget Authority:								
67.15	Permanent Authority: Authority to borrow (indefinite) 4/	230	80	172	84	146	126	40
68.00	Spending authority from off-setting collections	2424	2452	2484	2541	2379	2397	2437
68.47	Portion applied to debt reduction 5/	-247	-164	-164	-153	-238	-211	-227
68.90	Spending authority from offsetting collections (adjusted)	2177	2288	2320	2388	2141	2186	2210
Relation of obligations to outlays:								
71.00	Total obligations	2384	2391	2493	2471	2288	2286	2224
	Obligated balance, start of year:							
72.47	Authority to borrow	30	168	168	200	200	200	200
74.47	Authority to borrow	-168	-168	-200	-200	-200	-200	-200
87.00	Outlays (gross)	2246	2391	2461	2471	2288	2286	2224
Adjustments to budget authority and outlays:								
	Deductions for offsetting collections:							
88.00	Federal funds	-55	-90	-90	-90	-90	-90	-90
88.40	Non-Federal sources	-2369	-2362	-2394	-2451	-2289	-2307	-2347
88.90	Total, offsetting collections	-2424	-2452	-2484	-2541	-2379	-2397	-2437
89.00	Budget authority (net)	-17	-87	8	-60	-92	-85	-187
90.00	Outlays (net)	-178	-61	-23	-70	-91	-111	-213

3/ FY 1997-2003 Treasury balance and unobligated balance estimates assume that BPA will borrow the amount needed to finance the full capital program. Actual Treasury borrowing and cash balances will be different, depending on net revenues, Treasury interest rates, and other cash management factors. Borrowing could be higher such that cash balances at the end of each year could equal total reserves.

4/ The Permanent Authority: Authority to borrow (indefinite) amount for FYs 1997-2003 reflects both BPA's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, BPA uses cash from revenues to liquidate capital obligations in lieu of borrowing, This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent. Technical Executive Branch budget display and tracking requirements have modified the way BPA shows this deferred borrowing as a resource carried forward from year-to-year. This amount must therefore be added to, or subtracted from, BPA's current year borrowing authority amount, making this number a combination of capital program financing needs and the annual use, or creation of deferred borrowing. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 of 7/19/88) clarified that BPA has authority to incur obligations in excess of borrowing authority and cash in the BPA FundThe two amounts which comprise the net amount on line 67.15 above are as follows:

	FISCAL YEAR						
Borrowing Authority:	1998	1999	2000	2001	2002	2003	2004
to finance capital obligations	232	258	352	339	300	299	250
to finance other obligations	-2	-178	-180	-255	-154	-173	-210
Total Borrowing Authority (67.15)	230	80	172	84	146	126	40

5/ Includes amortization of BPA and Corps of Engineers appropriations and amortization of BPA bonds. Line 68.47 is referred to as capital transfers on BP-3.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 2000 CONGRESSIONAL BUDGET SUBMITTAL

Estimate of Proprietary Receipts
(in millions of dollars)

	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Bureau Interest	33	41	41	41	40	40	39
Bureau Amortization	0	0	0	19	1	1	0
Bureau O&M	0	0	0	0	0	0	0
Bureau Irrig. Assist.	0	0	0	10	0	0	1
Colville Settlement (credit)	-16	-17	-18	-19	-5	-5	-5
Total 1/	17	24	23	51	36	36	35
Corps O&M	96	N/A	N/A	N/A	N/A	N/A	N/A
LSRCP O&M	12	12	12	14	15	15	16
CSRS	2	4	6	8	55	35	31
	110	16	18	22	70	50	47
4(h)10(C) credit	-14	N/A	N/A	N/A	N/A	N/A	N/A
Total 2/	96	16	18	22	70	50	47

1**/** Includes amortization of appropriations and irrigation assistance, and interest costs for the Bureau of Reclamation. The cost of power O&M for Bureau of Reclamation is no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #895000.26

2/ Includes O&M costs for the Corps of Engineers in FY 1998 only and the Lower Snake River Compensation Plan activities. Represents transfers to Account #892889, Repayments on misc. recoverable costs, not otherwise classified.

Bonneville Direct Funding Costs for Bureau of Reclamation power O&M is as follows ($ in millions): $42 in FY1998, $53 in FY1999, $51 in FY2000, $52 in FY2001, $53 in FY2002, $54 in FY2003, $55 in FY2004

Starting in FY 1999, costs for Corps of Engineers power O&M budget (including O&M expense and small capital investments) is funded directly by Bonneville as follows (in millions) : $106 in FY1999, $107in FY2000, $108 in FY2001, $114 in FY2002, $118 in FY2003, $118 in FY2004.

TREASURY PAYMENTS
(in millions of dollars)
FISCAL YEAR

		1998	1999	2000	2001	2002	2003	2004
A.	**INTEREST ON BONDS & APPROPRIATIONS**							
	Bonneville Bond Interest							
1	Bonneville Bond Interest (net)	127	124	130	148	158	158	168
2	AFUDC 1/	25	9	9	10	11	11	10
	Appropriations Interest							
3	Bonneville	76	74	72	70	67	65	63
4	Corps of Engineers 2/	166	166	171	181	193	195	197
5	Lower Snake River Comp. Plan	17	17	17	17	17	17	17
6	Bureau of Reclamation Interest 3/	41	41	41	41	40	40	39
7	**Total Bond and Approp. Interest**	**452**	**431**	**440**	**467**	**486**	**486**	**494**
B.	**ASSOCIATED PROJECT COST**							
8	Bureau of Reclamation Irrigation Ass	0	0	0	10	0	0	0
9	Bureau of Rec. O & M 4/	0	0	0	0	0	0	0
10	Corps of Eng. O & M	93	0	0	0	0	0	0
11	L. Snake River Comp. Plan O & M	12	12	14	15	15	16	17
12	**Total Assoc. Project Costs**	**105**	**12**	**14**	**25**	**15**	**16**	**17**
C.	**CAPITAL TRANSFERS**							
	Amortization							
13	Bonneville Bonds	212	122	142	74	187	137	138
14	Bureau of Reclamation Amortization	0	0	0	19	1	1	0
15	Corps of Engineers	0	1	0	13	26	47	72
16	Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17	Bonneville Appropriations	35	41	22	47	24	26	17
20	**Total Capital Transfers**	**247**	**164**	**164**	**153**	**238**	**211**	**227**
21	**TOTAL TREASURY PAYMENTS 5/**	**804**	**607**	**618**	**645**	**739**	**713**	**738**

1/ This interest cost is capitalized and included in Bonneville's Transmission System Development, System Replacements, and Associated Projects Capital programs. AFUDC is financed through the sale of bonds.

2/ Includes interest on construction funding for Corps of Engineers (Corps) fish bypass facilities at Corps dams in the Columbia River Basin, including Lower Monumental, Ice Harbor, and The Dalles dams, as called for in the Fish Spillway Memorandum of Agreement approved on April 10, l989.

3/ Includes $7.4 million paid by Bureau to Treasury on behalf of Bonneville.

4/ Costs for Bureau of Reclamation power O&M is funded directly by Bonneville as follows (in millions) : $42 in FY1998, $53 in FY1999, $51 in FY2000, $52 in FY2001, $53 in FY2002, $54 in FY 2003, $55 in FY2004. Starting in FY 1999, costs for Corps of Engineers power O&M (including O&M expense and small capital investments) is funded directly by Bonneville as follows (in millions) : $106 in FY1999, $107 in FY2000, $108 in FY2001, $114 in FY2002,. $118 in FY2003, $118 in FY2004.

5/ Does not include Treasury bond premiums on refinanced Treasury bonds of which $48 million was incurred in FY1998.

DEPARTMENT OF ENERGY
FY 2000 CONGRESSIONAL BUDGET SUBMITTAL
BONNEVILLE POWER ADMINISTRATION FUND

OBJECT CLASSIFICATION STATEMENT
(in millions of dollars)

IDENTIFICATION CODE: 89-4045-0-3-271
DIRECT OBLIGATIONS

ESTIMATES

		1998	1999	2000
11.1	Full-time permanent	152	152	159
11.3	Other than full-time permanent	2	2	2
11.5	Other personnel compensation	15	15	16
11.9	**Total personnel comp.**	**169**	**169**	**177**
12.1	Civilian personnel benefits	39	39	41
21.0	Travel and transportation of persons	9	9	9
22.0	Transportation of things	5	5	5
23.1	Rental payments to GSA	10	10	10
23.2	Rents, other	6	6	7
23.3	Communication, utilities & misc. cha	5	5	5
24.0	Printing and reproduction	0	0	0
25.1	Consulting Services	11	11	11
25.2	Other services	1,363	1,367	1,427
25.3	Purchases from Government Accou	170	170	177
25.5	R & D Contracts	2	2	2
26.0	Supplies and materials	52	52	54
31.0	Equipment	19	19	20
32.0	Lands and structures	17	17	17
41.0	Grants, subsidies, contributions	26	26	27
43.0	Interest and dividends	482	483	503
99.0	Subtotal obligations	2,385	2,390	2,492
99.9	**Total obligations**	**2,385**	**2,390**	**2,492**

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96	First Funded by:	FY 1978-FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	TABLE 1 Subtotal 78-84
CAPITAL INVESTMENTS							
BPA Fish and Wildlife 1/	BPA	0	0	0	0	0	0
Associated Projects (Federal Hydro) 2/	COE	30.0	17.9	61.7	55.1	9.0	173.7
TOTAL CAPITAL INVESTMENTS		**30.0**	**17.9**	**61.7**	**55.1**	**9.0**	**173.7**
PROGRAM OPERATING EXPENSES							
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/							
Non-ESA Activities	BPA	2.3	2.3	4.6	9.1	19.6	37.9
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		2.3	2.3	4.6	9.1	19.6	37.9
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993							
Existing Water Budget 3/	BPA	0.0	0.0	0.0	0.0	12.0	12.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	12.0	12.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)							
O&M Lower Snake River Hatcheries	USFWS	0.0	0.5	1.0	2.2	3.6	7.3
O&M Corps (w/bypass eff. FY 1992)	COE	15.0	5.4	7.6	9.1	10.0	47.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	0.0	0.2	2.9	2.9	2.4	8.4
Subtotal		15.0	6.1	11.5	14.2	16.0	62.8
TOTAL PROGRAM OPERATING EXPENSES		**17.3**	**8.4**	**16.1**	**23.3**	**47.6**	**112.7**
PROGRAM RELATED FIXED EXPENSES 9/							
Interest Expense	BPA	15.0	6.4	9.2	12.1	12.7	55.4
Amortization Expense	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation Expense	BPA	9.0	2.4	3.2	3.8	3.9	22.3
TOTAL PROGRAM FIXED EXPENSES		**24**	**8.8**	**12.4**	**15.9**	**16.6**	**77.7**
GRAND TOTAL PROGRAM EXPENSES		**41.3**	**17.2**	**28.5**	**39.2**	**64.2**	**190.4**
FOREGONE REVENUES THRU FY 1993							
Spill (at Federal dams)	BPA	0.0	3.0	14.0	1.0	8.0	26.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	**3.0**	**14.0**	**1.0**	**8.0**	**26.0**
FOREGONE REVENUES FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**41.3**	**20.2**	**42.5**	**40.2**	**72.2**	**216.4**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96	First Funded by:	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	Subtotal 85-90
								TABLE 2
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	10.2	8	4.7	7.7	8.3	16.2	55.1
Associated Projects (Federal Hydro) 2/	COE	46.4	9.1	78.6	7.6	5.3	4.5	151.5
TOTAL CAPITAL INVESTMENTS		**56.6**	**17.1**	**83.3**	**15.3**	**13.6**	**20.7**	**206.6**
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	15.9	19.6	22.2	18.8	23.0	32.8	132.3
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		15.9	19.6	22.2	18.8	23.0	32.8	132.3
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993								
Existing Water Budget 3/	BPA	17.0	74.0	11.0	40.0	40.0	40.0	222.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		17.0	74.0	11.0	40.0	40.0	40.0	222.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	5.4	4.9	5.8	5.1	7.6	8.3	37.1
O&M Corps (w/bypass eff. FY 1992)	COE	11.4	15.8	20.7	10.5	12.3	11.5	82.2
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	3.1	3.0	3.2	3.4	3.7	3.6	20.0
Subtotal		19.9	23.7	29.7	19.0	23.6	23.4	139.3
TOTAL PROGRAM OPERATING EXPENSES		**52.8**	**117.3**	**62.9**	**77.8**	**86.6**	**96.2**	**493.6**
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	15.3	17.1	22.2	24.3	24.5	26.0	129.4
Amortization Expense	BPA	0.1	0.5	0.8	1.1	1.7	2.4	6.6
Depreciation Expense	BPA	4.3	4.5	5.5	5.6	5.7	5.9	31.5
TOTAL PROGRAM FIXED EXPENSES		**19.7**	**22.1**	**28.5**	**31**	**31.9**	**34.3**	**167.5**
GRAND TOTAL PROGRAM EXPENSES		**72.5**	**139.4**	**91.4**	**108.8**	**118.5**	**130.5**	**661.1**
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	27.0	19.0	9.0	10.0	15.0	15.0	95.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		27.0	**19.0**	**9.0**	**10.0**	**15.0**	**15.0**	**95.0**
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA	---	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**99.5**	**158.4**	**100.4**	**118.8**	**133.5**	**145.5**	**756.1**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THI

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

WORKING DRAFT UPDATED 5/1/96	First Funded by:	FY 1991	FY 1992	FY1993	FY 1994	FY 1995	Subtotal FY 91-95	TABLE 3 TOTAL 78-95
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	17.7	11.2	17.3	20.5	32.5	99.2	154.3
Associated Projects (Federal Hydro) 2/	COE	12.0	4.7	162.0	63.0	48.0	289.7	614.9
TOTAL CAPITAL INVESTMENTS		**29.7**	**15.9**	**179.3**	**83.5**	**80.5**	**388.9**	**769.2**
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	32.7	59.4	30.0	43.5	47.7	213.3	383.5
ESA Activities	BPA	0.3	7.6	19.6	12.4	23.7	63.6	63.6
Subtotal		33.0	67.0	49.6	55.9	71.4	276.9	**447.1**
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993								
Existing Water Budget 3/	BPA	40.0	40.0	40.0	0.0	0.0	120.0	354
ESA Implementation 4/	BPA	0.0	19.0	64.0	0.0	0.0	83.0	83
Subtotal		40.0	59.0	104.0	0.0	0.0	203.0	**437.0**
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	40.0	0.0	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	5.7	0.0	---	---
Flow Augmentation 7/	BPA	---	---	---	66.0	0.0	---	---
Reduced Forebay Levels	BPA	---	---	---	0.0	0.0	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	0.0	0.0	---	---
Subtotal					111.7	114.0	225.7	225.7
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	8.7	11.2	11.2	12.4	12.7	56.2	100.6
O&M Corps (w/bypass eff. FY 1992)	COE	11.8	13.3	14.0	16.9	17.8	73.8	203.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	1.2	1.3	1.3	3.8	3.8
Other (NW Power Planning Council)	BPA	3.8	3.9	4.1	4.3	4.3	20.4	48.8
Subtotal		24.3	28.4	30.5	34.9	36.1	154.2	356.3
TOTAL PROGRAM OPERATING EXPENSES		**97.3**	**154.4**	**184.1**	**202.5**	**221.5**	**859.8**	**1466.1**
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	29.2	31.4	40.6	46.1	44.9	192.2	377
Amortization Expense	BPA	3.6	4.8	5.5	6.8	8.5	29.2	35.8
Depreciation Expense	BPA	5.4	5.7	7.5	8.4	10.2	37.2	91
TOTAL PROGRAM FIXED EXPENSES		**38.2**	**41.9**	**53.6**	**61.3**	**63.6**	**258.6**	**503.8**
GRAND TOTAL PROGRAM EXPENSES		**135.5**	**196.3**	**237.7**	**263.8**	**285.1**	**1118.4**	**1969.9**
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	15.0	15.0	20.0	---	---	50.0	171
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	8.0	25.0	---	---	33.0	33
		15.0	**23.0**	**45.0**	**0.0**	**0.0**	**83.0**	**204.0**
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	0.0	---	---	0.0
Spill for Juvenile Passage 6/	BPA	---	---	---	32.0	---	---	0.0
Flow Augmentation	BPA	---	---	---	0.0	---	---	0.0
Reduced Forebay Levels 10/	BPA	---	---	---	25.0	---	---	0.0
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	5.0	---	---	0.0
Subtotal					**62.0**	**114.0**	**176.0**	**176.0**
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**150.5**	**219.3**	**282.7**	**325.8**	**399.1**	**1377.4**	**2349.9**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THI

Executive Summary
BPA Fish and Wildlife Funding Plan
(Dollars in Millions)
8/11/98

FY	Actuals 1996	Actuals 1997	Est 1998	Est 1999	Est 2000	Est 2001	96-01 Total	96-01 Avg	*Est 2002*	*Est 2003*	*Est 2004*
Direct Program Expenses											
MOA Plan	100.0	100.0	100.0	100.0	100.0	100.0	600.0	100.0	**8/**	**8/**	**8/**
ture Amount Available 1/	100.0	133.1	153.5	145.7	137.6	134.2					
); Planned (FYs 98-01) 2/	68.5	82.2	110.0	110.0	105.0	105.0	580.7	96.8			
Carry Forward Balance	31.5	50.9	43.5	35.7	32.6	29.2					
Reimbursable F&W Expenses of Other Agencies											
MOA Plan	38.4	40.5	40.5	40.5	40.5	40.5	240.9	40.2			
ıditure Amount Available	40.2	44.4	48.7	50.9	52.1	49.9					
)7); Planned (FYs 98-01)	36.2	36.3	38.5	39.6	42.9	45.8	239.3	39.9			
Carry Forward Balance	4.0	8.1	10.2	11.3	9.2	4.1					
Capital Investments											
MOA Plan	73.1	87.2	105.7	117.7	129.3	156.0	669.0	111.5			
ture Amount Available 1/	111.5	151.9	191.0	230.8	266.6	295.3					
)7); Planned (FYs 98-01)	73.1	76.3	77.5	83.2	91.7	114.7	516.5	86.1			
Carry Forward Balance	38.4	75.6	113.5	147.6	174.9	180.6					
Total											
MOA Plan	211.5	227.7	246.2	258.2	269.8	296.5	1,509.9	251.7			
ture Amount Available 1/	251.7	329.4	393.2	427.4	456.3	479.4					
Actual Expenditures	177.8	194.7	226.0	232.8	239.6	265.5					
Carry Forward Balance	73.9	134.7	167.2	194.6	216.7	213.9					
River Operations											
Power Purchases 5/	15.0	15.0	87.0	87.0	87.0	87.0	378.0	63.0			
Foregone Revenues 5/	36.0	36.0	26.0	26.0	26.0	26.0	176.0	29.3			
Other 7/	51.0	51.0	51.0	51.0	51.0	51.0	306.0	51.0			
Total	102.0	102.0	164.0	164.0	164.0	164.0	860.0	143.3			
Grand Total	279.8	296.7	390.0	396.8	403.6	429.5	2,196.4	366.1 6/			
Transmission Enhancements	0.0	12.7	0.0	0.0	0.0	0.0	12.7	2.1			

Assumptions:
Expenditure Plan and River Operations equal display in BPA's FY 1999 Congressional Budget. Actual Expenditures for all expenses and capital investments reflect FY 1996/1997 actual results. For FY's 1997 through 2001, program expenses and capital investments are consistent with the Fish and Wildlife Budget Memorandum of Agreement for fiscal years 1996 - 2001. This funding stream shows the most likely accruals related to Obligations from the NWPPC prioritization process. Actual accruals may be more or less during a given year within

Notes:
1/ In addition, $27 million per year in capital funding (borrowing) will be provided by BPA for the Direct Program through 2001. The Interest and Amortization for this is reflected in the Expenditures Plan for the Capital Investment category.
2/ This information is reported on an accrual basis. For Direct Program management purposes, BPA also reports these expenditures on an obligations basis. Typically the accruals lag the obligations, since not all funds are expended in the year in which they are obligated.
3/ BPA's FY 1996 - 2001 Fish and Wildlife Program Expense Budget is $100 million per year. Actual expenses for FY 1996 - 1997 were approximately $50.9 million less than what was available. BPA, in accordance with the MOA, will carry forward this amount with interest.
4/ Includes interest at 5.1 percent for FY's 1998 - 2001. The actual interest rate is determined annually. The interest rate for FY 1997/1998 was determined to be slightly less than 5.1 percen
5/ Estimated for FY 1996-1997, actual amount will change when the river models are executed.
6/ During the initial discussions when developing the MOA, the "96-01 Avg" was estimated to be about $435 million.
7/ These estimated costs are related to limitations placed on operating ranges (forebay levels and generator efficiency) and other operations fish which produce effects on power production not identified in Hydro regulation models.
8/ No agreement has been reached at this time on BPA's Fish and Wildlife Budget for fiscal years beyond 2001. Negotiations within the Region are currently taking place for a Fish and Wildlife Agreement for the years beyond FY 2001. As of mid-July 1998, there are 13 alternatives being considered which have a range of annual average expenditures of $438 million to over $724 million. Estimates beyond FY 2001 are expected to be available upon conclusion of the current agreement negotiations.